CENTRAL STATISTICAL OFFICE

CSO Economic Trends

ARTICLES

United Kingdom balance of payments in the fourth quarter and year 1977

The changing problems of economic management

Rebasing the national accounts - why and how and the effects

The stock of consumer durables in the United Kingdom

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Release dates of economic statistics to be published in April 1978

This list is published by the Government Statistical Service as a guide to the dates of publication of major economic series in April. The dates are those which Departments, or other organisations concerned, are aiming at, and would normally expect to meet. Exceptionally, there may be a delay resulting from unavoidable statistical problems of collection and compilation. Further enquiries about individual series should be addressed to the source named.

Publication date	Series	Method of release	Source
April 1978			
Tues 4	Retail sales (February–final)	PN	D of Trade
	UK official reserves (March)	PN	HM Treasury
	Capital issues and redemptions (during the month of March)	PN	Bank of England
	UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-March)	PN	Bank of England
	London clearing banks' monthly statement (mid-March)	PN	CLCB
	Hire purchase and other instalment credit business (February)	PN	D of Trade
Wed 5	Housing starts and completions (February)	PN	D of the Environment
Fri 7	National income and expenditure in the fourth quarter and year 1977	PN	CSO
Mon 10	CBI monthly trends inquiry (March)	PN	CBI
	Wholesale prices index numbers (March–provisional)	PN	D of Industry
Tues 11	Provisional figures of vehicle production (March)	PN	D of Industry
Wed 12	Central government financial transactions (including borrowing requirement) (March)	PN	HM Treasury
Thurs 13	UK banks' assets and liabilities and the money stock (mid-March)	PN	Bank of England
	London dollar and sterling certificates of deposit (mid-March)	PN	Bank of England
Fri 14	Usable steel production (March)	PN	BSC/BISPA
	Retail prices index (March)	PN	D of Employment
	Index of industrial production (February–provisional)	PN	CSO
	Balance of payments current account and overseas trade figures (March)	PN	D of Trade/CSO
	Building societies' receipts and loans (March)	PN	BSA
Mon 17	Retail sales (March–provisional)	PN	D of Trade
Wed 19	Basic rates of wages and normal weekly hours (March)	PN	D of Employment
	Monthly index of average earnings (February)	PN	D of Employment
	Cyclical indicators for the UK economy (March)	PN	CSO
Thurs 20	Consumers' expenditure (1st qtr–1st preliminary estimate)	PN	CSO
	Construction–new orders (February)	PN	D of the Environment
Fri 21	Sales and orders in the engineering industries (January)	T and I	D of Industry
	New vehicle registrations (March)	PN	D of Transport
	Financial accounts of industrial and commercial companies and personal sectors (4th qtr)	PN	CSO
	Net acquisition of financial assets–analysis by sector (4th qtr)	PN	CSO
Sun 23	Department for National Savings' monthly progress report (March)	PN	D for National Savings
Tues 25	Unemployment (April–provisional)	PN	D of Employment
	Unfilled vacancies (April–provisional)	PN	D of Employment
	Bricks and cement production (March)	PN	D of the Environment
Thurs 27	Unemployment (March–final)	Gazette	D of Employment
	Employment in the production industries (February)	Gazette	D of Employment
	Overtime and short-time working in manufacturing industries (February)	Gazette	D of Employment
	Stoppages of work due to industrial disputes (March)	Gazette	D of Employment
	Quarterly estimates of employees in employment (December)	Gazette	D of Employment
	Energy Trends	PN	D of Energy
	Car and commercial vehicle production (March–final)	PN	D of Industry

PN = *Press Notice* T and I = *Trade and Industry*

CENTRAL STATISTICAL OFFICE

Economic Trends

No 293
March 1978

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Government Statistical Service

A service of statistical information and advice is provided to Government by specialist staffs employed in the statistics divisions of individual Departments. Statistics are made generally available through their publications and further information and advice on them can be obtained from the Department concerned.

The sources of the series published in this volume and further information about them are shown in the index. Current telephone numbers of these sources as well as general information about *Economic Trends* can be obtained from the Central Statistical Office, Great George Street, London SW1P 3AQ. Telephone 01-233 6135/6193.

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Introduction

Economic Trends is prepared monthly by the Central Statistical Office in collaboration with the statistics divisions of Government Departments and the Bank of England.

It contains three regular sections of tables and charts illustrating trends in the UK economy:

- 'Latest developments' presents the most up-to-date statistical information available during the month, together with a calendar of current economic events. It is important to note that data included in this section may not be wholly consistent with other series shown in the publication which have gone to press earlier.
- The main section shows the movement of the key economic indicators over about the last 5 years. The indicators appear in tabular form on left hand pages with corresponding charts on facing right hand pages. Colour has been used to aid interpretation in some of the charts, for example by creating a background grid on those charts drawn to a logarithmic scale. Index numbers in some tables and charts are given on a common base date for convenience of comparison.
- A further chart shows the movements of 4 composite indices over 19 years against a reference chronology of business cycles. The indices group together indicators which lead, coincide with and lag behind the business cycle and a short note describes their most recent movements. The February, May, August and November issues carry further graphs showing separately movements in all of the 18 indicators which make up the composite indices.

In addition, quarterly articles on national accounts appear in the January, April, July and October issues and on balance of payments in the March, June, September and December issues. Occasional articles comment on and analyse economic statistics and introduce new series, new analyses and new methodology. The regular 'Round-up' feature contains notes on relevant articles appearing in other government publications, news of developments in economic statistics and brief synopses of any new publications.

Notes on tables

1. This issue contains information available to the CSO on 16 March in respect of the main tables and charts. The 'Latest developments' section may contain later information.

2. Statistics relate mainly to the United Kingdom; where figures are for Great Britain only, this is shown on the table.

3. Rounding may lead to inconsistencies between the sum of constituent parts and the total in some tables.

4. A line drawn across a column between two consecutive figures indicates that the figures above and below the line have been compiled on different bases and are not strictly comparable. In each case a footnote explains the difference.

Symbols used:

..	not available or not meaningful
–	nil or less than half the final digit shown
§	series for which measures of variability are given on page 68
†	indicates that the data have been revised since last issue; the period marked is the earliest in the table to have been revised

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Latest developments in the economy[1]

Data available at 21 March 1978

Output

The latest estimates of the output measure of gross domestic product suggest that there has been little change throughout 1977. There was a small increase of about ½ per cent between the third and fourth quarters which was concentrated in the services sector; manufacturing output fell. For the year as a whole, output was about 1½ per cent higher than in 1976. The latest estimates for the index of industrial production up to January continue to show little underlying change.

Steel production in February was 14 per cent higher than in January but 7 per cent less than in February 1976. Car production fell back in February but in the three months ending February was 2 per cent higher than in the previous three months.

Housebuilding

In the three months November to January, housing starts in Great Britain were 6 per cent down on the previous three months but 6 per cent up on a year earlier. Total completions fell by 3 per cent compared with the preceding three months but were 3 per cent higher than a year earlier.

Consumers' expenditure

Latest estimates suggest that consumers' expenditure increased by 1 per cent in the fourth quarter, regaining the level of the last quarter of 1976 after having fallen in the first half of the year. The major movement in the latest quarter was a rise of 7 per cent in expenditure on food although this followed an unexpectedly sharp fall in the third quarter for this category. There was a fall of 7 per cent in expenditure on cars and motor cycles between the third and fourth quarters.

The provisional estimate of retail sales for February suggests that the volume of trade recovered from the January level and was almost as high as in December; in the latest three months the volume was 3 per cent higher than in the previous three months.

Capital expenditure

The volume of fixed investment fell by 1½ per cent in the fourth quarter. For the year as a whole, investment fell by 4 per cent on 1976 with an increase in private investment other than dwellings of 6½ per cent being offset by falls of 16 per cent in public sector investment and of 8 per cent in private investment in dwellings. The total volume of investment in 1977 was lower than in any of the past ten years.

Stocks

The level of stocks held in the economy at 1970 prices was little changed in the third and fourth quarters of 1977 following major stockbuilding in the first half of the year.

Companies

Provisional estimates indicated that company profits fell slightly in the fourth quarter before deducting stock appreciation and were unchanged after deducting stock appreciation. For the year as a whole, profits after deducting stock appreciation were 50 per cent higher than in 1976; omitting off-shore oil and gas activities, the increase was around 30 per cent. The Department of Industry's survey of large companies indicated that their liquidity rose sharply by £490 million during the fourth quarter. During 1977 as a whole, net current assets rose by £870 million.

Earnings and wage rates

Average earnings of employees in all industries and services in Great Britain are estimated to have risen by 9·4 per cent between January 1977 and January 1978. This estimate is based on the new series of monthly index numbers of average earnings for the whole economy (not seasonally adjusted). The older series, which is seasonally adjusted, showed a marginal fall of 0·2 per cent compared with December. The index of basic weekly wage rates (not seasonally adjusted) rose during February and at the end of that month was 5·2 per cent higher than a year earlier. This index takes account of changes in nationally negotiated rates only.

Prices (not seasonally adjusted)

The index of retail prices for February was 190·6 (January 1974 = 100). This represents an increase of 0·6 per cent on January and of 9·5 per cent on February 1977.

Wholesale prices index numbers for February suggest that the prices of home sales of manufactured products rose by ¾ per cent over the previous month. The change in the index for all manufactured products measured over a twelve-month period fell for the seventh successive month, from 13 per cent in January to 12½ per cent in February. The price index for materials and fuel purchased by manufacturing industry fell by a further ½ per cent in February. This index has now fallen for ten successive months and is 4¾ per cent lower than in February 1977. Crude oil accounted for over half the fall in the prices of materials purchased by manufacturing industry other than food, drink and tobacco. The index of materials purchased by the food manufacturing industry fell by ¾ per cent, due mainly to lower prices for coffee and fish.

Unemployment and vacancies

The number of unemployed in the United Kingdom (excluding school leavers) fell by 9,000 in March to 1,400,000. The number of vacancies notified to employment offices rose by 8,800 in March to 195,800.

Trade and balance of payments

In the three months ended February, there was a visible trade deficit of £326 million compared with a surplus of £176 million in the previous three months. A reduction of over £100 million in the surplus on the more erratic items of trade together with an increase of about £120 million in

[1] All data are seasonally adjusted unless otherwise stated. In most cases estimates are provisional and subject to revision.

the deficit on trade in oil accounted for nearly half of the worsening of some £500 million between the two periods. Export volume was unchanged (but rose by 1½ per cent excluding the more erratic items) but import volume showed a marked rise of 8½ per cent; the terms of trade index rose by 2½ per cent.

The current account for February is estimated to have been in surplus by £184 million. There was a surplus on trade in goods in February of £84 million following the erratic deficit of £354 million in January. The balance on invisible transactions is now projected to be running at a monthly surplus of about £100 million.

Money stock

During the four weeks to 15 February, the broad sterling component of the money stock (sterling M3) rose by just over 1 per cent. The increase since mid-April represents an annual rate of growth of about 14¾ per cent. The narrow version of the money stock (M1) also rose by 1 per cent during the latest period. Domestic credit expanded by some £410 million. There were large tax payments during the four weeks and the central government was in surplus but net purchases of gilt-edged stock by the non-bank private sector were relatively modest. Bank lending to the UK private sector grew more strongly than in the previous two months and there was an unusually sharp increase (by £300 million) in sterling lending to overseas residents.

Economic events

January

20 The Chancellor attended a meeting of EEC finance ministers at which economic growth rates were the main topic of discussion. On present trends Community growth was at an annual rate of 3·3 per cent, compared with the target range of 4 to 4½ per cent set last October.

A Price Commission report on tea prices recommended that the blenders should reduce their prices so that the retail price of tea would come down by 3–5 pence per quarter pound, reflecting the reduction in world tea prices.

21 The unemployment figures showed a fall in the seasonally adjusted total, for the fifth month running, a small but steady fall of 40,000 from the peak in September 1977.

The Prime Minister warned that the growing threat of trade protectionism could endanger world economic recovery.

23 The Select Committee on Nationalised Industries published a further report on the British Steel Corporation (HC 238, Session 1977–78) covering financial forecasts.

25 The Government will impose a maximum wholesale price on tea, following the blenders' refusal to reduce prices voluntarily as the Price Commission's report had recommended.

26 The TUC Economic Review for 1978 was published, calling for reflationary measures in the Budget totalling £4·7 billion in a full year, including tax cuts, expansion of job subsidy schemes and increased child benefits.

The Wilson Committee on financial institutions published its third volume on the financing of industry and trade.

27 OECD talks at official level on economic growth strategies were held in Paris. Sir Douglas Wass, Permanent Secretary to the Treasury, was elected vice-chairman of Economic Policy Committee.

28 A threatened 1-day rail strike for 1 March was called off and an inquiry by Lord McCarthy set up to examine the dispute, which involved disagreement between ASLEF and the NUR on pay restructuring.

The Chancellor, in a speech to diplomatic and Commonwealth writers, emphasised the need for greater international co-operation to solve world economic problems.

The Manpower Services Commission announced a programme of aid for young unemployed people, called the Youth Opportunities Programme. It is designed to provide about 234,000 people with training or work experience, at a cost in the first financial year (1978–79) of £140 million.

March

1 The dollar came under intense pressure in the foreign exchange markets as oil-producing countries and some European surplus countries reacted to its continued weakness.

2 The UK gold and currency reserves fell by $167 during February, the first fall since May 1977, due mainly to early repayment of debt.

The Government has asked the building societies to reduce their monthly lending quotas to try to avert a boom in house prices on the 1972–73 scale.

The CBI's Budget representations included a call for tax cuts totalling £3·6 billion in a full year.

3 The Public Sector Borrowing Requirement was estimated to have been £3,610 million (seasonally adjusted) in the first nine months of the financial year 1977–78, its lowest level for four years.

9 The East Moors Steelworks in Cardiff is to close, making over 3,000 people redundant. Redundancy terms have been agreed with the unions and further talks are to be held on possible closures of other plants in South Wales and Midlands.

10 The building societies agreed to cut mortgage lending by 10 per cent, the equivalent of about £70 million a month, or 1,400 home loans.

12 The Prime Minister flew to Bonn for talks with Chancellor Schmidt of West Germany on world economic matters.

13 The U.S. and West Germany issued a joint statement giving details of measures designed to stabilise the foreign exchange markets and arrest the decline of the dollar. However, the dollar fell back when the markets reacted with disappointment to the measures.

In reply to a Parliamentary question, the Chancellor said that in future the names of firms on the pay 'blacklist' would be published, with their consent.

14 The trade figures showed a return to a surplus of £184 million in February, compared with a deficit of £234 million in January.

15 The *Bank of England Quarterly Bulletin* and the OECD's annual survey of the UK economy both called for caution in the Budget in giving stimulus to the economy.

The Chief Secretary to the Treasury issued a statement detailing changes in the proposed pay clauses in government contracts following discussions with the CBI.

The Wilson Committee published its fourth volume of evidence on the financing of industry and trade.

The Secretary of State for Employment announced a £300 million package of employment measures to be introduced over the next two years, which would help about 400,000 people by March 1979.

Selected monthly indicators[1]

		Seasonally adjusted						Unadjusted		Seasonally adjusted			
		1971 =100	Thousands	1970 =100	Thousands		Jan. 1970 =100	1970 =100	Jan. 1974 =100	£ million			
		Volume of retail sales (GB)[2,3] §	New registrations of cars (GB) §	Index of industrial production[4] §	Unemployment[5] §	Vacancies[6] §	Average earnings (all employees) (GB) §	Wholesale prices of materials and fuel[7]	General index of retail prices (all items)	Balance of payments current account: Exports (f.o.b.) §	Balance of payments current account: Imports (f.o.b.) §	Balance of payments current account: Current balance	Money stock sterling M_3
1976	J	108·2	105·3	99·2†	1,203·5	112·6	248·3	261·5	147·9	1,830	2,042		36,310
	F	105·3	101·0	100·7	1,225·8	115·7	250·0	263·9	149·8	1,852	2,084	− 47	36,570
	M	104·7	101·9	100·5	1,231·6	121·8	254·4	274·2	150·6	1,973	2,072		36,700
	A	108·0	116·4	101·1	1,241·8	122·5	255·0	286·3	153·5	1,975	2,231		37,200
	M	106·1	109·7	102·7	1,253·3	120·0	259·6	292·0	155·2	2,067	2,393	−345	37,440
	J	106·5	91·0	100·8	1,261·1	115·7	261·2	299·6	156·0	2,129	2,456		37,770
	J	107·7	90·6	100·9	1,288·9	118·6	263·1	302·0	156·3	2,063	2,534		38,330
	A	107·4	115·0	100·3	1,308·8	126·2	267·2	304·0	158·5	2,204	2,470	−377	38,920
	S	106·8	86·5	101·5	1,318·7	125·9	266·1	314·4	160·6	2,232	2,592		39,440
	O	105·9	107·0†	102·5	1,307·9	124·5	269·0	327·7	163·5	2,335	2,626		39,900
	N	106·6	120·0	103·0	.. [8]	.. [8]	272·2	331·8	165·8	2,314	2,757	−338	40,320
	D	105·2	110·0	103·2	1,325·7[9]	.. [8]	277·1	330·2	168·0	2,448	2,675		40,170
1977	J	104·5	94·7	103·2	1,329·9†	.. [8]	278·1	337·8	172·4	2,481†	3,991†		39,640
	F	104·0	112·7	103·2	1,330·0	148·8†	278·7	339·5	174·1	2,479	2,663	−505	39,220
	M	101·7	103·8	103·1	1,328·5	154·0	283·9	347·2	175·8	2,542	2,795		39,260
	A	102·3	106·0	102·2	1,333·8	155·5	283·1	349·7	180·3	2,591	2,759		40,140
	M	103·2	107·8	103·3	1,323·8	159·4	286·2	348·3	181·7	2,590	2,869	−364	40,380
	J	102·1†	95·3	100·3	1,364·3	158·1	286·2	345·2	183·6	2,749	3,066		40,680
	J	104·8	112·6	102·8	1,398·5	155·2	286·5	344·5	183·8	2,793	2,955		41,190
	A	104·7	116·4	102·8	1,410·3	153·4	288·7	338·8	184·7	2,851	2,690	+483	41,250
	S	103·5	107·1	102·6	1,434·9	147·2	290·1	338·1	185·7	2,896	2,841		42,120
	O	102·7	116·1	101·5	1,431·5	156·0	294·6	333·8	186·5	2,756	2,703		42,840
	N	103·1	108·4	101·4	1,428·6	159·4	300·1	329·9	187·4	2,665	2,600	+351	43,130
	D	106·9	104·2	102·3	1,422·3	165·0	306·6	328·0	188·4	2,780	2,856		43,530
1978	J	104·9	124·8	102·9	1,419·2	180·3	306·0	324·9	189·5	2,625	2,959		44,510
	F				1,409·0	187·0[10]		323·3	190·6	3,000	2,916		45,000
	M				1,400·0								
		Percentage change, latest three months on previous three months											
1977	A	−2·6	− 0·7	−0·3	..	..	+ 2·2	+ 3·7	+ 4·7	+ 5·1	− 2·4	..	− 1·3
	M	−2·1	+ 0·1	−0·3	− 0·2	..	+ 2·3	+ 3·7	+ 4·5	+ 4·3	+ 1·1	..	+ 0·6
	J	−0·1	− 0·7	−1·2	+ 0·6	..	+ 1·8	+ 1·8	+ 4·5	+ 5·7	+ 2·9	..	+ 2·6
	J	+0·7	− 2·1	−0·7	+ 2·4	..	+ 1·6	+ 0·2	+ 3·6	+ 6·8	+ 8·2	..	+ 3·0
	A	+1·4	+ 2·1	−0·9	+ 4·5	−0·5	+ 1·0	− 1·6	+ 2·8	+ 8·7	+ 3·4	..	+ 2·8
	S	+1·8	+ 8·7	−0·8	+ 6·3	−3·6	+ 1·1	− 2·4	+ 1·6	+ 7·7	− 2·4	..	+ 2·8
	O	+0·3	+ 7·6	+0·2	+ 4·7	−3·4	+ 1·7	− 2·6	+ 1·4	+ 4·6	− 6·1	..	+ 3·2
	N	+0·7	+ 2·3	−0·1	+ 2·9	−0·9	+ 2·7	− 2·6	+ 1·4	− 0·9	− 6·5	..	+ 4·0
	D	−0·1	− 2·2	−1·0	+ 0·9	+5·4	+ 4·0	− 2·9	+ 1·5	− 4·0	− 3·9	..	+ 4·0
1978	J	+1·3	− 0·6	−0·1	− 0·1	+10·6	+ 4·5	− 2·8	+ 1·5	− 5·4	+ 0·8	..	+ 3·9
	F				− 1·1	+15·1		− 2·6	+ 1·6	+ 1·1	+ 7·2	..	+ 3·9
	M				− 1·3	+14·8							
		Percentage change, latest three months on corresponding period of previous year											
1977	A	−3·1	+ 1·0	+2·1	+ 7·9	+27·3	+11·4	+25·7	+16·8	+31·2	+28·7	..	+ 7·4
	M	−3·6	− 3·2	+1·4	+ 7·0	+28·7	+11·0	+22·6	+17·1	+28·4	+25·8	..	+ 7·5
	J	−4·0	− 2·5	+0·4	+ 7·1	+32·0	+10·3	+18·8	+17·4	+28·5	+22·8	..	+ 7·8
	J	−3·2	+ 8·4	+0·7	+ 7·4	+33·4	+ 9·6	+16·2	+17·5	+29·9	+20·5	..	+ 7·1
	A	−3·1	+ 9·3	+1·3	+ 8·1	+29·5	+ 8·8	+13·6	+17·3	+31·2	+16·9	..	+ 7·0
	S	−2·8	+15·1	+1·8	+ 8·4	+23·0	+ 8·7	+11·0	+16·6	+31·4	+11·9	..	+ 6·6
	O	−2·9	+10·1	+0·9	+ 8·7	+21·2	+ 8·9	+ 6·9	+15·3	+25·6	+ 8·6	..	+ 6·7
	N	−3·1	+ 5·8	−0·5	..	..	+ 9·6	+ 2·9	+14·2	+20·9	+ 2·1	..	+ 5·9
	D	−1·6	− 2·5	−1·1	..	..	+10·0	+ 0·2	+13·1	+15·6	+ 1·3	..	+ 7·6
1978	J	−0·4	+ 3·9	−0·9	..	..	+10·3	− 1·7	+11·7	+11·4	− 0·1	..	+ 9·2
	F				+ 6·4	..		− 3·1	+10·5	+13·5	+ 4·8	..	+11·8
	M				+ 5·8								

[1] Data given may not be wholly consistent with that shown elsewhere in the publication.
[2] This index is given to one decimal place but this does not imply that it can be regarded as accurate to the last digit shown.
[3] See footnote [2] on page 12.
[4] All industries covered.
[5] Unemployed excluding school-leavers.
[6] Vacancies notified to employment offices.
[7] Purchased by manufacturing industry.
[8] Figure not available due to industrial action.
[9] Owing to industrial action by some Department of Employment staff the provisional estimate is based on returns or estimates received from only just over half the country.
[10] Provisional.

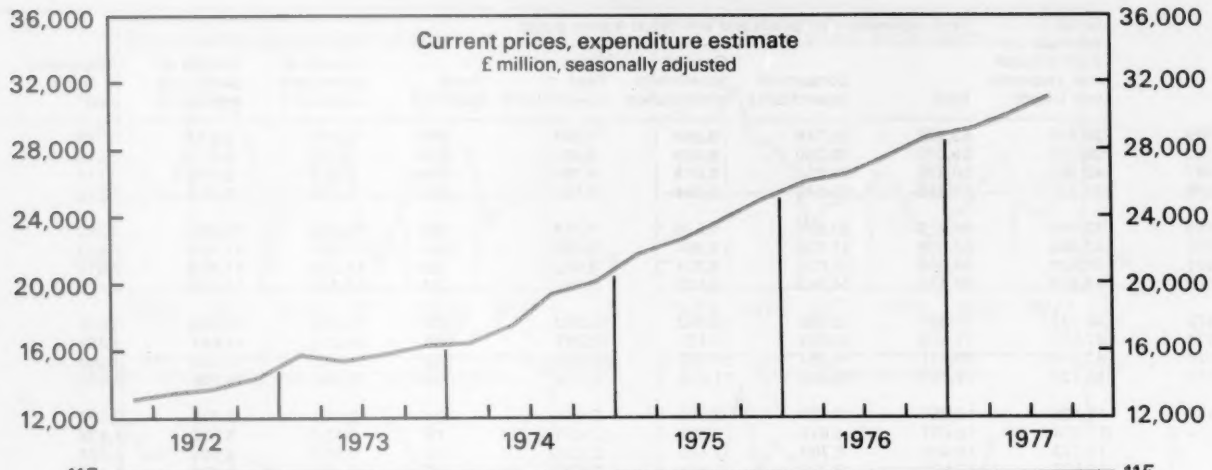
Tables and charts

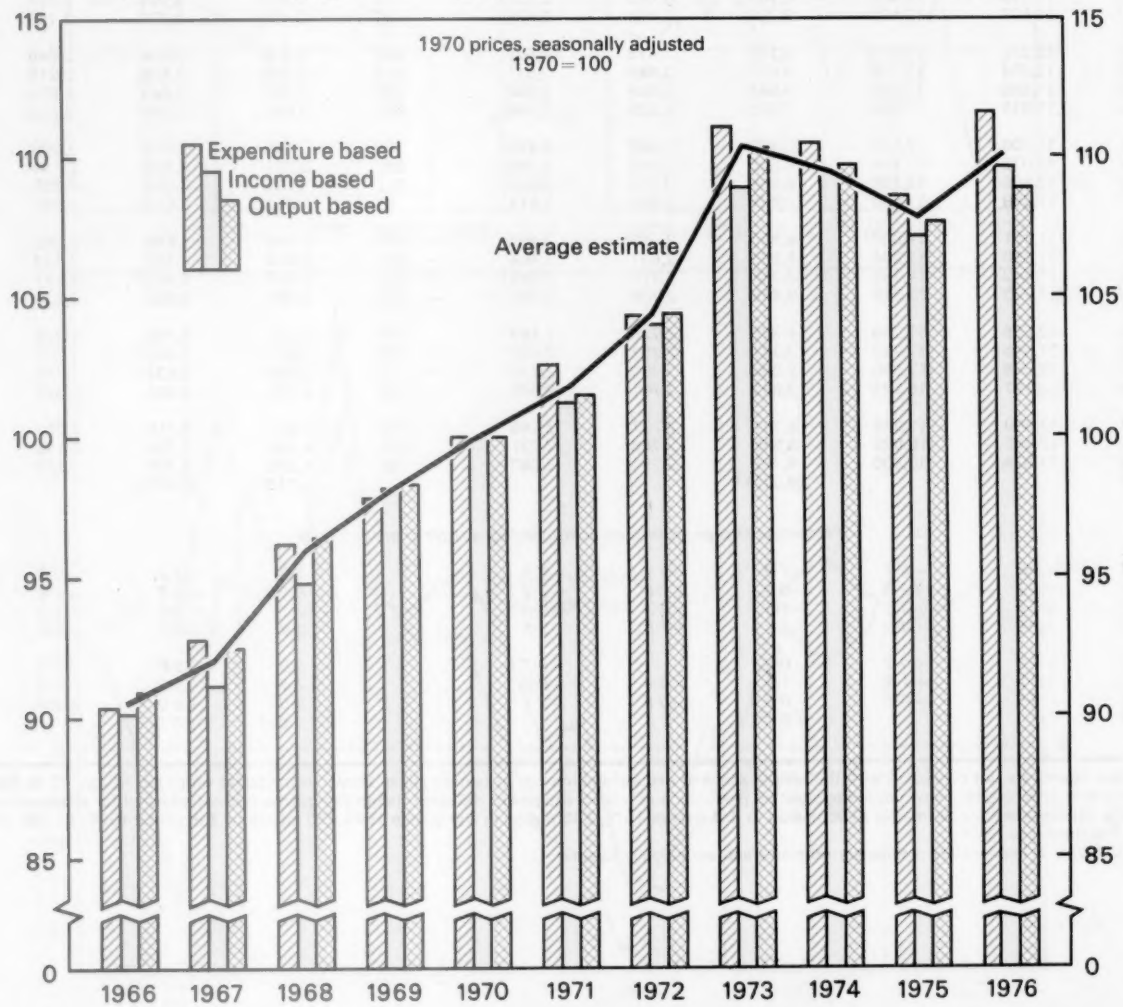
Gross domestic product at factor cost, total home costs and national disposable income revalued at 1970 market prices[1, 2]

Seasonally adjusted

	Gross domestic product at factor cost									Implied Index of total home costs		National disposable income
	At current prices				At 1970 factor cost							At 1970 market prices
	£ million		1970 = 100		£ million	1970 = 100				1970 = 100		1970 = 100
	Based on:		Based on:		Based on:	Based on:				Based on:		
	expenditure data	income data	expenditure data	income data	expenditure data	expenditure data §	income data[3] §	output data §	Average estimate §	expenditure data	Average estimate	
1966	33,083	32,920	76·3	75·3	39,224	90·4	89·3	90·9	90·2	84·3		90·4
1967	34,877	34,520	80·4	78·9	40,262	92·8	91·1	92·5	92·1	86·6		92·1
1968	37,390	37,154	86·2	85·0	41,721	96·2	94·8	96·4	95·8	89·6		95·0
1969	39,338	39,836	90·7	91·1	42,408	97·8	98·2	98·3	98·1	92·7		97·6
1970	43,368	43,725	100·0	100·0	43,368	100·0	100·0	100·0	100·0	100·0		100·0
1971	49,151	48,883	113·3	111·8	44,509	102·6	101·2	101·5	101·8	110·4		102·2
1972	54,988	55,264	126·8	126·4	45,238	104·3	104·0	104·4	104·2	121·5		105·2
1973	63,554	63,332	146·5	144·8	48,227	111·2	109·9	110·4	110·5	131·8		109·8
1974	73,699	72,870	169·9	166·6	47,953	110·6	108·4	109·6	109·5	153·6		104·8
1975	93,298	92,582	215·1	211·7	47,216	108·9	107·1	107·7	107·9	197·7		104·9
1976	109,140	108,098	251·6	247·2	48,425	111·6	109·7	108·9	110·1	225·4		106·9
1972 3	13,825	14,170	127·5	129·7	11,273	104·0	105·7	105·1	104·9	122·7	}	106·4
4	14,465	14,595	133·4	133·5	11,533	106·4	106·5	107·1	106·6	125·4		
1973 1	15,808	15,143	145·8	138·5	12,273	113·2	107·6	110·3	110·3	128·8	}	110·3
2	15,466	15,703	142·7	143·7	12,054	111·2	112·0	109·8	111·0	128·3		
3	15,916	16,110	146·8	147·4	11,990	110·6	111·0	110·8	110·8	132·8	}	109·3
4	16,364	16,376	150·9	149·8	11,910	109·8	109·0	110·7	109·8	137·4		
1974 1	16,548	15,919	152·6	145·6	11,600	107·0	102·2	107·3	105·5	142·7	}	103·0
2	17,526	17,149	161·7	156·9	12,078	111·4	108·2	110·2	109·9	145·1		
3	19,520	19,430	180·0	177·7	12,306	113·5	112·2	111·3	112·4	158·6	}	106·6
4	20,105	20,372	185·5	186·4	11,969	110·4	111·1	109·7	110·5	168·0		
1975 1	21,741	21,425	200·5	196·0	11,991	110·6	108·1	109·4	109·3	181·3	}	105·2
2	22,785	22,588	210·2	206·6	11,850	109·3	107·5	107·5	108·1	192·3		
3	23,715	23,636	218·7	216·2	11,642	107·4	106·2	106·7	106·8	203·7	}	104·7
4	25,057	24,933	231·1	228·1	11,733	108·2	106·8	107·1	107·4	213·6		
1976 1	26,202	25,702	241·6	235·1	12,205	112·6	109·5	108·5	110·2	214·7	}	106·7
2	26,615	26,572	245·5	243·1	11,995	110·6	109·6	108·6	109·6	221·9		
3	27,582	27,338	254·4	250·1	12,068	111·3	109·5	108·5	109·8	228·5	}	107·1
4	28,741	28,486	265·1	260·6	12,157	112·1	110·2	110·1	110·8	236·4		
1977 1	29,204	29,310	269·4	268·1	11,889	109·7	109·2	110·4	109·8	245·6	}	106·2
2	30,142	29,888	278·0	273·4	12,082	111·4	109·6	109·2	110·1	249·5		
3	31,307	31,226	288·8	285·7	11,974	110·4	109·3	110·0	109·9	261·5		
4												
	Percentage change, period on corresponding period of previous year											
1975 3	*+21·5*	*+21·6*	*+21·5*	*+21·6*	*−5·4*	*−5·4*	*−5·3*	*−4·2*	*−5·1*	*+28·4*	}	*−1·8*
4	*+24·6*	*+22·4*	*+24·6*	*+22·4*	*−2·0*	*−2·0*	*−3·9*	*−2·4*	*−2·8*	*+27·1*		
1976 1	*+20·5*	*+20·0*	*+20·5*	*+20·0*	*+1·8*	*+1·8*	*+1·3*	*−0·8*	*+0·7*	*+18·4*	}	*+1·4*
2	*+16·8*	*+17·6*	*+16·8*	*+17·6*	*+1·2*	*+1·2*	*+2·0*	*+1·0*	*+1·4*	*+15·4*		
3	*+16·3*	*+15·7*	*+16·3*	*+15·7*	*+3·7*	*+3·7*	*+3·1*	*+1·7*	*+2·9*	*+12·2*	}	*+2·3*
4	*+14·7*	*+14·3*	*+14·7*	*+14·3*	*+3·6*	*+3·6*	*+3·2*	*+2·8*	*+3·2*	*+10·7*		
1977 1	*+11·5*	*+14·0*	*+11·5*	*+14·0*	*−2·6*	*−2·6*	*−0·2*	*+1·8*	*−0·4*	*+14·4*	}	*−0·5*
2	*+13·3*	*+12·5*	*+13·3*	*+12·5*	*+0·7*	*+0·7*	*—*	*+0·6*	*+0·4*	*+12·4*		
3	*+ 8·9*	*+ 9·6*	*+ 8·9*	*+ 9·6*	*−0·8*	*−0·8*	*−0·2*	*+1·4*	*+0·1*	*+14·4*		
4												

[1] These estimates are given to one decimal place but this does not imply that they can be regarded as accurate to the last digit shown.
[2] Introduced in an article on page xxviii *Economic Trends* January 1975.
[3] Income data deflated by the implied index of total home costs.


Current prices, expenditure estimate
£ million, seasonally adjusted
36,000
32,000
28,000
24,000
20,000
16,000
12,000
1972
1973
1974
1975
1976
1977


1970 prices, seasonally adjusted
1970 = 100
Expenditure based
Income based
Output based
Average estimate
115
110
105
100
95
90
85
0
1966
1967
1968
1969
1970
1971
1972
1973
1974
1975
1976

8

Expenditure on the gross domestic product

Seasonally adjusted

£ million, 1970 prices

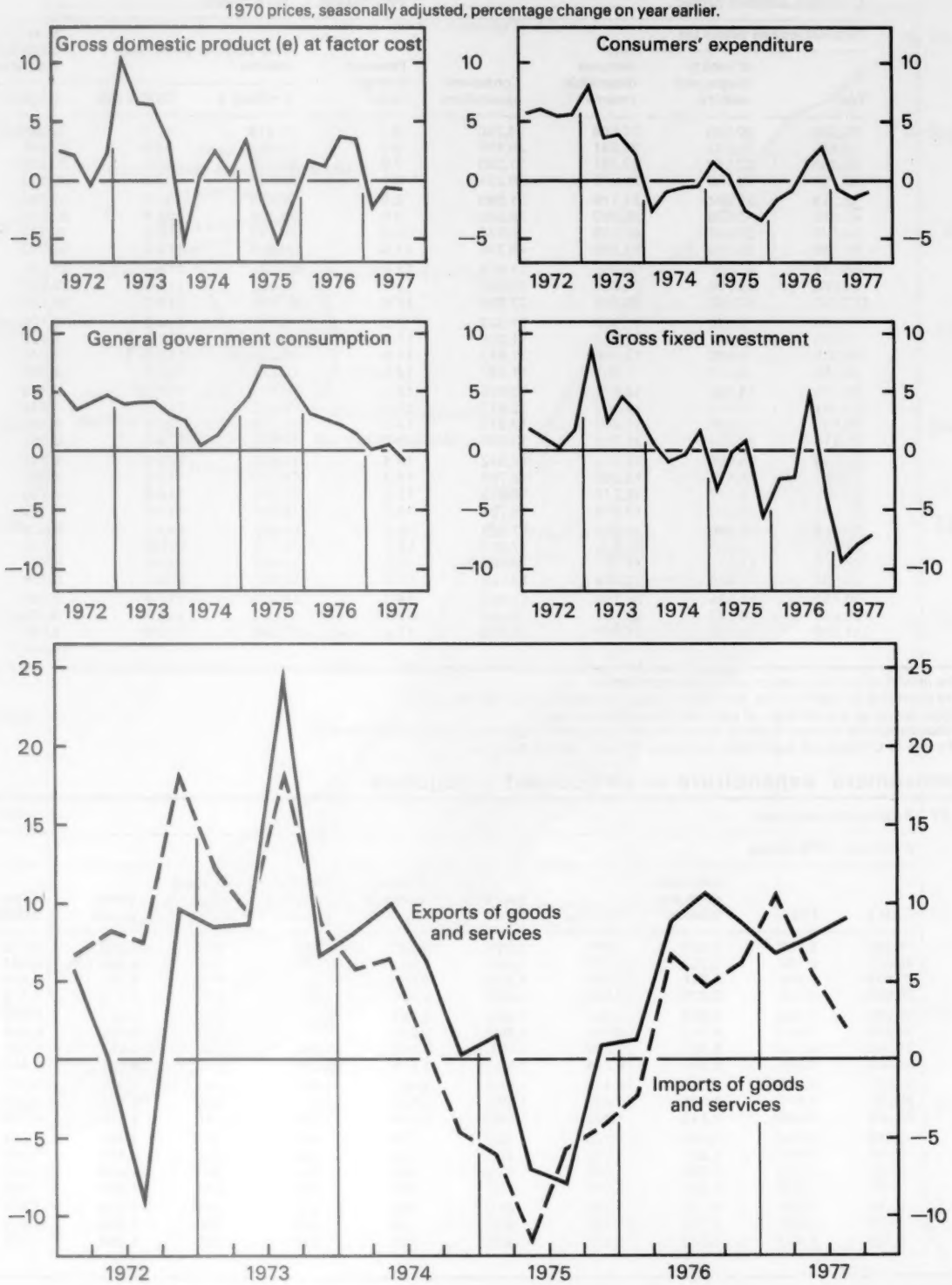
	Gross domestic product at factor cost (expenditure based)	Final expenditure on goods and services at market prices							
		Total	Consumers' expenditure §	General government consumption	Gross fixed investment [2] §	Stock building §	Exports of goods and services [1] §	Imports of goods and services [2] §	Adjustment to factor cost
1965	38,491	53,927	28,748	8,268	7,900	616	8,395	8,644	6,798
1966	39,224	55,015	29,280	8,489	8,097	424	8,725	8,873	6,918
1967	40,262	56,879	29,891	8,973	8,780	371	8,864	9,502	7,115
1968	41,721	59,215	30,638	9,004	9,182	493	9,898	10,216	7,278
1969	42,408	60,219	30,839	8,836	9,216	466	10,862	10,559	7,252
1970	43,368	62,008	31,696	8,964	9,453	444	11,451	11,101	7,539
1971	44,509	63,985	32,675	9,228	9,682	92	12,308	11,659	7,817
1972	45,238	66,493	34,542	9,635	9,797	34	12,485	12,839	8,416
1973	48,227	71,591	36,062	10,002	10,253	1,321	13,953	14,393	8,971
1974	47,953	71,515	35,631	10,187	10,287	596	14,814	14,681	8,881
1975	47,216	69,711	35,257	10,792	10,062	− 743	14,343	13,689	8,806
1976	48,425	71,643	35,405	11,054	9,724	66	15,394	14,206	9,012
1972 *1*	11,128	16,256	8,430	2,380	2,414	− 34	3,066	3,075	2,053
2	11,304	16,637	8,615	2,391	2,456	18	3,157	3,209	2,124
3	11,273	16,428	8,700	2,410	2,439	27	2,852	3,081	2,074
4	11,533	17,172	8,797	2,454	2,488	23	3,410	3,474	2,165
1973 *1*	12,273	17,972	9,102	2,475	2,628	439	3,328	3,454	2,245
2	12,054	17,778	8,927	2,489	2,511	419	3,432	3,506	2,218
3	11,990	17,889	9,043	2,509	2,548	236	3,553	3,649	2,250
4	11,910	17,952	8,990	2,529	2,566	227	3,640	3,784	2,258
1974 *1*	11,600	17,523	8,849	2,542	2,646	− 116	3,602	3,657	2,266
2	12,078	17,944	8,846	2,500	2,488	333	3,777	3,732	2,134
3	12,306	18,209	8,985	2,539	2,540	362	3,783	3,682	2,221
4	11,969	17,839	8,951	2,606	2,613	17	3,652	3,610	2,260
1975 *1*	11,991	17,682	8,989	2,653	2,555	− 170	3,655	3,438	2,253
2	11,850	17,346	8,880	2,681	2,484	− 213	3,514	3,323	2,173
3	11,642	17,294	8,739	2,719	2,562 [2]	− 213	3,487	3,475 [2]	2,177
4	11,733	17,389	8,649	2,739	2,461	− 147	3,687	3,453	2,203
1976 *1*	12,205	17,799	8,829	2,736	2,489	44	3,701	3,358	2,236
2	11,995	17,749	8,797	2,757	2,425 [2]	− 57	3,827	3,550 [2]	2,204
3	12,068	17,950	8,880	2,780	2,435 [2]	− 1	3,856	3,634 [2]	2,248
4	12,157	18,145	8,899	2,781	2,375	80	4,010	3,664	2,324
1977 *1*	11,889	17,855	8,761	2,737	2,248	155	3,954	3,715	2,251
2	12,082	18,025	8,665	2,768	2,231 [2]	235	4,126	3,748 [2]	2,195
3	11,974	17,935	8,796	2,754	2,262	− 81	4,204	3,705	2,256
4			(8,925) [3]				(4,113) [3]	(3,672) [3]	
		Percentage change, quarter on corresponding quarter of previous year							
1976 *1*	*+1·8*	*+0·7*	*−1·8*	*+3·1*	*−2·6*	..	*+1·3*	*−2·3*	*−0·8*
2	*+1·2*	*+2·3*	*−0·9*	*+2·8*	*−2·4*	..	*+8·9*	*+6·8*	*+1·4*
3	*+3·7*	*+3·8*	*+1·6*	*+2·2*	*−5·0*	..	*+10·6*	*+4·6*	*+3·3*
4	*+3·6*	*+4·3*	*+2·9*	*+1·5*	*−3·5*	..	*+8·8*	*+6·1*	*+5·5*
1977 *1*	*−2·6*	*+0·3*	*−0·8*	*—*	*−9·7*	..	*+6·8*	*+10·6*	*+0·7*
2	*+0·7*	*+1·6*	*−1·5*	*+0·4*	*−8·0*	..	*+7·8*	*+5·6*	*−0·4*
3	*−0·8*	*−0·1*	*−0·9*	*−0·9*	*−7·1*	..	*+9·0*	*+2·0*	*+0·4*
4			*+0·3*				*(+2·6)* [3]	*(+0·2)* [3]	

[1] These figures are not consistent with the revised series of exports and imports at current prices shown in the tables on pages 46 and 82 to 88.

[2] Including extra capital formation in imported oil platforms and related equipment delivered during the quarter but not adjusted for seasonality. The extra deliveries are approximately £100 million in 3rd quarter 1975, £60 million in 2nd quarter 1976, £50 million in 3rd quarter 1976 and £90 million in 2nd quarter of 1977.

[3] The figures in brackets are preliminary estimates and are partially forecast.

1970 prices, seasonally adjusted, percentage change on year earlier.



Personal disposable income and consumption

Seasonally adjusted

	£ million, current prices				Percentage	1970 prices		
	Personal income before tax		Total personal disposable income[2]	Consumers' expenditure	Personal savings ratio[3]	Real personal disposable income[4]		Real consumers' expenditure §
	Total[1]	*of which:* Wages and salaries				£ million §	1970=100	£ million
1966	32,209	20,389	26,694	24,260	9·1	32,218	92·7	29,280
1967	33,863	21,173	27,841	25,466	8·5	32,679	94·0	29,891
1968	36,495	22,566	29,751	27,390	7·9	33,279	95·7	30,638
1969	39,107	24,188	31,675	29,104	8·1	33,563	96·5	30,839
1970	43,313	26,984	34,775	31,696	8·8	34,775	100·0	31,696
1971	47,952	29,673	38,680	35,399	8·5	35,704	102·7	32,675
1972	54,575	33,141	44,593	39,944	10·4	38,562	110·9	34,542
1973	62,965	38,024	51,156	45,201	11·6	40,813	117·4	36,062
1974	75,971	45,856	60,455	51,977	13·9	41,443	119·2	35,631
1975	96,885	59,300	74,865	63,552	15·1	41,533	119·4	35,257
1976	112,342	67,185	86,241	73,656	14·6	41,454	119·2	35,405
1973 *1*	14,886	8,950	12,057	11,003	8·8	9,977	114·8	9,102
2	15,655	9,447	12,732	11,036	13·3	10,302	118·5	8,927
3	15,928	9,688	12,966	11,432	11·8	10,260	118·0	9,043
4	16,496	9,939	13,401	11,730	12·5	10,274	118·2	8,990
1974 *1*	17,155	10,182	13,814	12,025	13·0	10,173	117·0	8,849
2	18,061	10,913	14,462	12,677	12·3	10,099	116·2	8,846
3	19,645	11,861	15,580	13,372	14·2	10,476	120·5	8,985
4	21,110	12,900	16,599	13,903	16·2	10,695	123·0	8,951
1975 *1*	22,445	13,981	17,412	14,692	15·6	10,653	122·5	8,939
2	23,661	14,426	18,360	15,754	14·2	10,349	119·0	8,880
3	24,947	15,237	19,274	16,352	15·1	10,300	118·5	8,739
4	25,832	15,656	19,819	16,754	15·5	10,231	117·7	8,649
1976 *1*	27,045	16,085	20,839	17,599	15·5	10,452	120·2	8,829
2	27,587	16,533	20,926	17,962	14·2	10,246	117·9	8,797
3	28,318	17,053	22,077	18,686	15·4	10,489	120·6	8,880
4	29,392	17,514	22,399	19,409	13·3	10,267	118·1	8,899
1977 *1*	30,400	17,934	23,259	19,959	14·2	10,210	117·4	8,761
2	30,659	18,113	23,531	20,451	13·1	9,970	114·7	8,665
3	31,326	18,423	24,463	21,338	12·8	10,084	116·0	8,796
4								(8,925)[5]

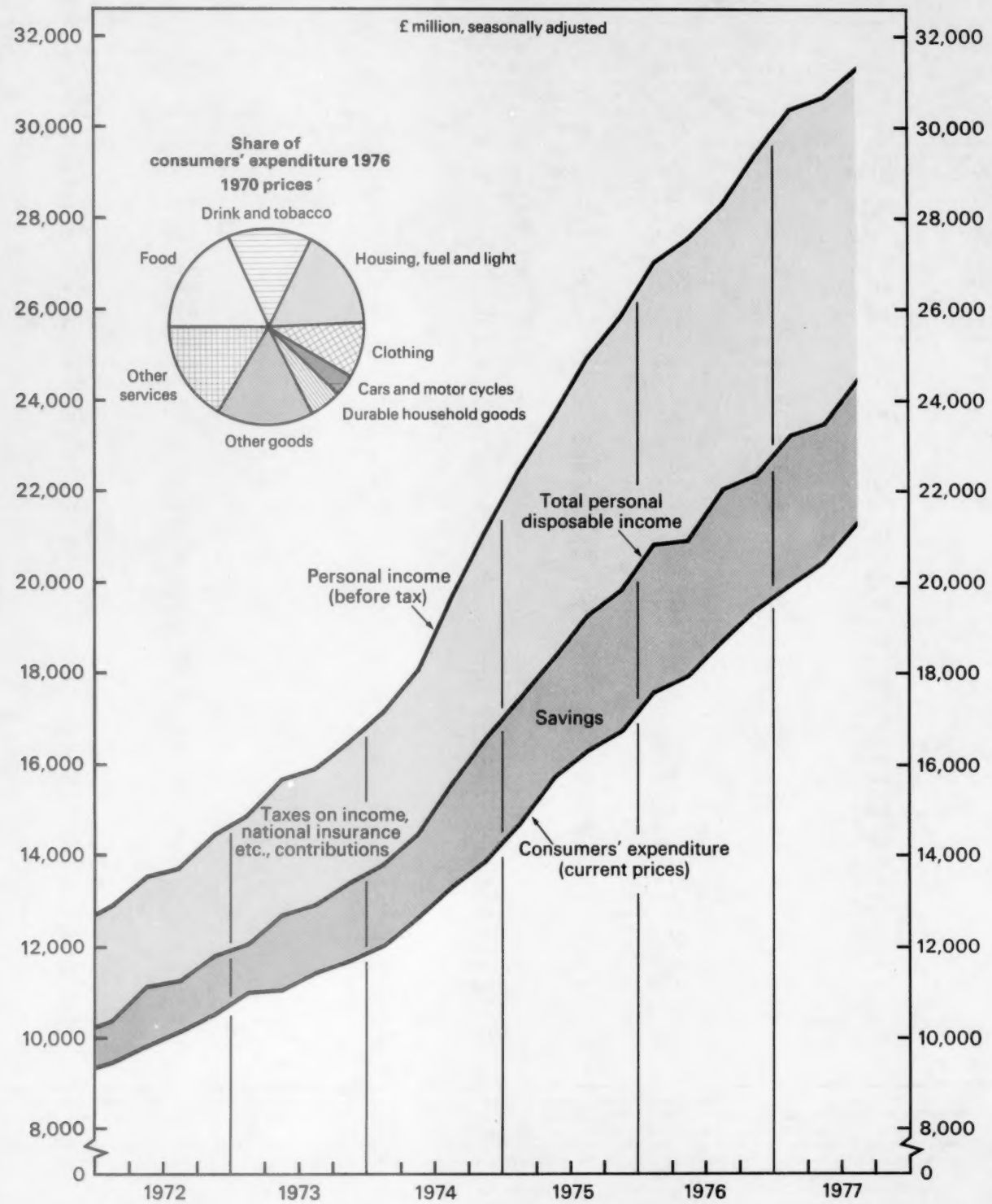
[1] Before providing for depreciation and stock appreciation.
[2] Before providing for depreciation, stock appreciation and additions to tax reserves.
[3] Personal saving as a percentage of personal disposable income.
[4] Personal disposable income revalued by the implied consumers' expenditure deflator (1970=100).
[5] The figures in brackets are preliminary estimates and are partially forecast.

Real consumers' expenditure — component categories

Seasonally adjusted

£ million, 1970 prices

	Total §	Food	Alcoholic drink and tobacco	Housing	Fuel and light	Clothing including footwear	Durable household goods	Cars and motor cycles	Other goods	Other services
1966	29,280	6,153	3,664	3,591	1,387	2,425	1,252	833	4,242	5,733
1967	29,891	6,195	3,752	3,721	1,393	2,462	1,302	916	4,456	5,694
1968	30,638	6,241	3,851	3,851	1,432	2,596	1,396	975	4,658	5,638
1969	30,839	6,240	3,873	3,992	1,485	2,638	1,347	870	4,716	5,678
1970	31,696	6,336	4,019	4,061	1,495	2,753	1,411	997	4,806	5,818
1971	32,675	6,331	4,112	4,166	1,480	2,800	1,537	1,329	4,966	5,954
1972	34,542	6,282	4,389	4,260	1,534	2,965	1,854	1,588	5,443	6,227
1973	36,062	6,366	4,848	4,344	1,574	3,114	2,074	1,515	5,865	6,362
1974	35,631	6,365	4,920	4,410	1,616	3,087	1,967	1,056	5,933	6,277
1975	35,257	6,407	4,839	4,482	1,596	3,143	1,910	1,054	5,756	6,070
1976	35,405	6,448	4,893	4,595	1,592	3,184	1,968	1,167	5,800	5,758
1976 *1*	8,829	1,607	1,180	1,136	421	778	482	313	1,451	1,461
2	8,797	1,611	1,221	1,143	383	795	486	265	1,444	1,449
3	8,880	1,624	1,256	1,155	379	805	501	295	1,446	1,419
4	8,899	1,606	1,236	1,161	409	806	499	294	1,459	1,429
1977 *1*	8,761	1,571	1,176	1,160	411	804	472	311	1,430	1,426
2	8,665	1,601	1,189	1,168	426	788	468	260	1,346	1,419
3	8,796	1,537	1,220	1,175	405	839	497	305	1,396	1,422
4										


£ million, seasonally adjusted
32,000
30,000
28,000
26,000
24,000
22,000
20,000
18,000
16,000
14,000
12,000
10,000
8,000
0
Share of consumers' expenditure 1976 1970 prices
Drink and tobacco
Food
Housing, fuel and light
Clothing
Other services
Cars and motor cycles
Durable household goods
Other goods
Total personal disposable income
Personal income (before tax)
Savings
Taxes on income, national insurance etc., contributions
Consumers' expenditure (current prices)
1972
1973
1974
1975
1976
1977

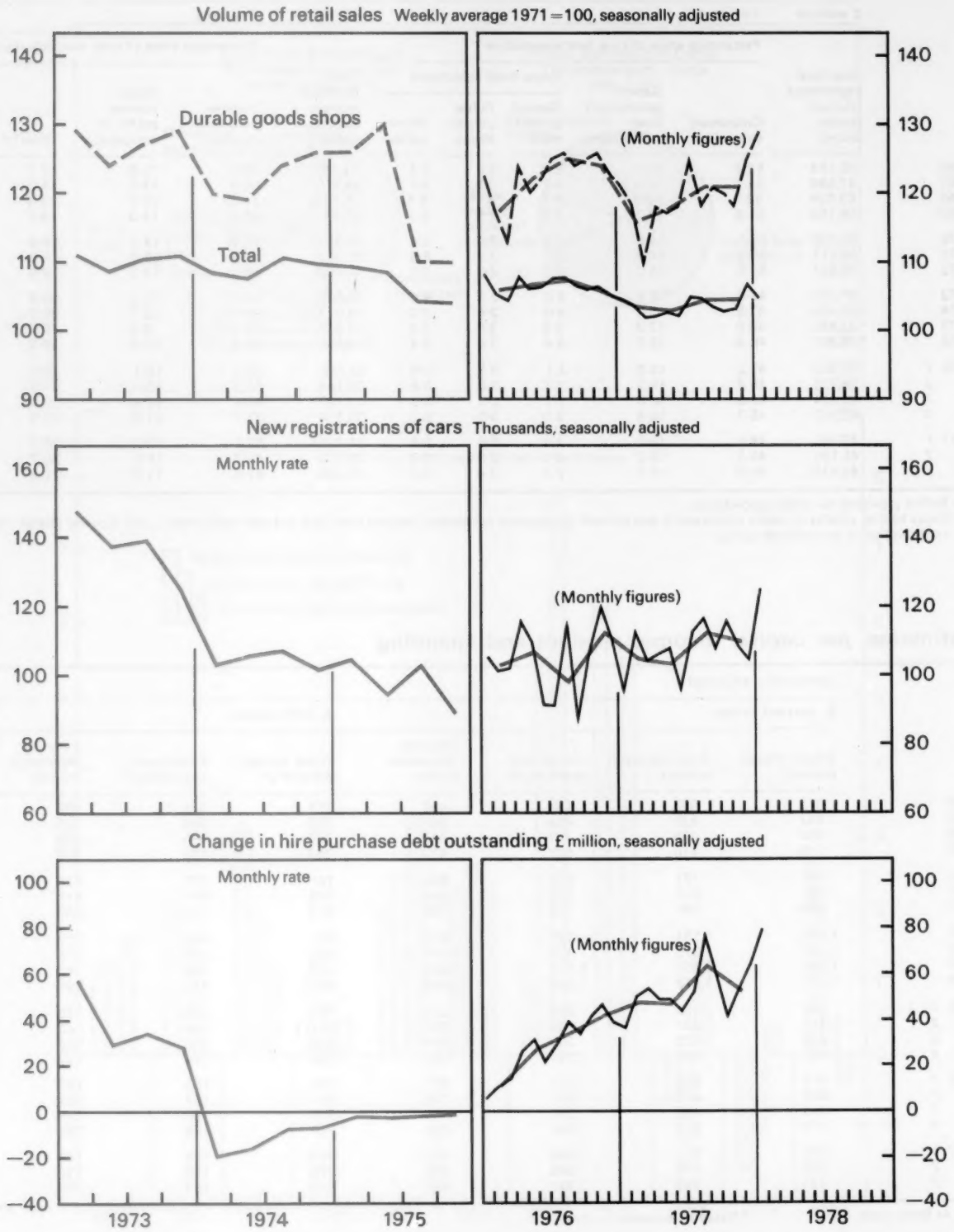
Retail sales, new registrations of cars and hire purchase debt (Great Britain)

	Seasonally adjusted								
	Weekly average 1971=100						Thousands[1]	£ million	
	Value of retail sales[2]	Volume of retail sales[2]						Hire purchase and other instalment credit[3]	
	Total[4] §	Total[4] §	Food shops[4] §	Clothing and footwear shops §	Durable goods shops §	Other non-food shops §	New registrations of cars §	New credit extended	Changes in debt outstanding
Sales in 1971 £ million	*16,296*	*16,296*	*6,866*	*2,436*	*1,897*	*5,097*			
1967	73·8	92·7	97·4	89	84	92	93·1	1,556	− 40
1968	79·3	95·7	98·9	93	89	95	93·1	1,643	+ 46
1969	84·0	96·2	100·5	93	87	95	82·3	1,587	− 20
1970	91·0	98·4	101·1	97	91	98	91·4	1,775	+ 84
1971	100·0	100·0	100·0	100	100	100	108·5	2,036	+251
1972	112·0	105·3	101·6	104	113	108	138·6	2,466	+438
1973	126·9	110·3	101·6	108	127	117	137·1	2,846	+444
1974	146·7	109·0	102·4	106	122	115	103·7	2,508	−164
1975	174·4	106·7	100·0	106	119	111	97·2	2,981	− 13
1976	200·1	106·5	98·7	106	122	111	104·7	3,586	+343
1977	228·0†	103·6†	94·8	105	119	109†	107·1	4,392†	+625
1972 *3*	114·5	106·9	101·8	107	116	110	135·1†	635	+121
4	118·3	108·2	103·1	107	118	112	147·0	662	+119
1973 *1*	122·9	111·0	101·2	114	129	116	147·3	739	+169
2	122·8	108·8	101·6	105	124	114	137·7	681	+ 89
3	128·2	110·3	102·1	106	127	117	138·8	718	+102
4	133·9	110·9	101·5	107	129	119	124·8	708	+ 84
1974 *1*	136·2	108·4	100·7	105	120	116	102·6	568	− 60
2	141·8	107·7	102·0	103	119	113	104·9	615	− 52
3	151·0	110·3	103·9	108	124	115	106·6	651	− 27
4	158·0	109·8	103·1	106	126	115	100·6	674	− 25
1975 *1*	165·2	109·5	101·7	109	126	114	104·2	710	− 9
2	175·0	108·5	99·9	106	130	113	93·5	753	+ 10
3	176·6	104·3	98·9	105	110	109	102·9	749	− 8
4	181·5	104·2	99·3	103	110	109	88·4	769	− 6
1976 *1*	189·6	105·9	99·5	105	117	111	102·7	833	+ 33
2	196·1	106·9	99·6	106	122	111	106·7	872	+ 80
3	203·4	107·3	99·1	106	125	112	96·8	914	+103
4	211·4	105·9	96·6	105	124	112	112·5	987	+127
1977 *1*	216·4	103·3†	94·9	105	116	109	103·8	1,008†	+140†
2	222·0†	102·5	94·7	101	118	108	103·0	1,049	+139
3	234·2	104·3	94·4	107	121	110†	112·0	1,151	+189
4	239·4	104·4	95·3	109	121	109	109·5	1,184	+157
1976 *O*	208·4	105·9	96·9	105	125	112	107·0	309	+ 41
N	212·8	106·6	97·0	106	126	113	120·0	328	+ 47
D	212·7	105·2	96·2	105	123	111	110·0	330	+ 39
1977 *J*	215·7	104·5	95·2	106	121	110	94·7	321	+ 37
F	217·4	104·0	95·2	105	118	110	112·7	339	+ 50
M	216·1	101·7	94·4	103	109	108	103·8	348	+ 53
A	219·9	102·3	94·3	101	118	107	106·0	345	+ 48
M	222·9	103·2	95·0	104	117	109	107·8	358	+ 48
J	222·9	102·1	94·7	99	118	107	95·3	346	+ 43
J	231·5	104·8	94·3	107	125	110	112·6	359	+ 52
A	235·8	104·7	94·4	110	118	111	116·4	404	+ 77
S	235·0	103·5	94·4	106	121	108	107·1	388	+ 60
O	234·2	102·7	94·2	103	120	108	116·1	371	+ 41
N	236·3	103·1	93·9	107	118	108	108·4	402	+ 53
D	246·0	106·9	97·3	114	125	110	104·2	411	+ 63
1978 *J*	241·0	104·9	95·1	105	129	109	124·8	425	+ 79
F									
M									

[1] Monthly averages. [2] Monthly figures of retail sales are based on four-week periods, except for the months of March, June, September and December which are five-week periods. Because of timing differences January 1975 is exceptionally a five-week period. Further details are given in the technical note to the retail sales figures on page 716 of *Trade and Industry*, 14 March 1975.

[3] Credit extended by and repaid to finance houses and retailers, i.e. durable goods shops, department stores (including co-operatve societies), other general stores and general mail order houses. The figures for retailers have been rebased from 1971 on the results of the Census of Distribution for 1971. For further details see *Trade and Industry*, 10 February 1978.

[4] These indices are given to one decimal place but this does not imply that they can be regarded as accurate to the last digit shown.


Volume of retail sales Weekly average 1971 = 100, seasonally adjusted
Durable goods shops
Total
(Monthly figures)
140
130
120
110
100
90
New registrations of cars Thousands, seasonally adjusted
Monthly rate
(Monthly figures)
160
140
120
100
80
60
Change in hire purchase debt outstanding £ million, seasonally adjusted
Monthly rate
(Monthly figures)
100
80
60
40
20
0
−20
−40
1973
1974
1975
1976
1977
1978

Shares of income and expenditure

Seasonally adjusted

	£ million	Per cent					£ million	Per cent		
		Percentage share of total final expenditure						Percentage share of total domestic income		
	Total final expenditure (current market prices)	Consumers' expenditure	General government final consumption	Gross fixed investment: General government	Gross fixed investment: Public corporations	Gross fixed investment: Private sector	Total domestic income (current prices)[1]	Income from employment	Gross trading profits of companies[1]	Other[1,2]
1966	45,163	53·7	14·4	3·7	3·2	8·4	33,280	68·6	13·8	17·7
1967	47,884	53·2	15·0	4·1	3·5	8·1	34,710	68·4	13·3	18·3
1968	52,639	52·1	14·5	4·1	3·1	8·4	37,754	67·3	13·9	18·8
1969	56,158	51·8	14·2	4·0	2·6	8·7	40,581	66·9	14·0	19·1
1970	62,008	51·1	14·5	3·9	2·7	8·6	44,882	67·8	13·2	19·0
1971	69,117	51·2	14·8	3·7	2·7	8·8	49,973	67·4	13·4	19·3
1972	76,817	52·0	15·2	3·6	2·3	9·2	56,665	67·0	13·2	19·9
1973	91,130	49·6	14·5	4·0	2·3	9·2	66,515	65·5	13·9	20·6
1974	109,488	47·5	15·1	4·0	2·6	8·9	79,017	66·7	12·7	20·7
1975	132,552	48·0	17·3	3·8	3·0	8·8	97,940	70·1	9·9	20·0
1976	158,901	46·4	16·7	3·4	3·0	8·4	114,655	68·6	10·8	20·6
1976 *1*	37,250	47·2	16·8	4·1	3·3	7·8	26,995	69·3	10·1	20·6
2	38,725	46·4	16·9	3·3	3·0	8·5	28,149	68·9	10·6	20·5
3	40,424	46·2	16·8	3·1	2·8	8·9	29,197	68·6	10·8	20·6
4	42,502	45·7	16·4	3·1	3·0	8·3	30,314	67·7	11·8	20·5
1977 *1*	43,305	46·1	16·0	3·2	2·8	7·8	31,225	67·1	12·2	20·7
2	45,198	45·2	16·2	2·4	2·5	8·8	31,122	68·2	11·1	20·7
3	46,410	46·0	16·1	2·3	2·6	9·0	31,968	67·5	11·5	21·0

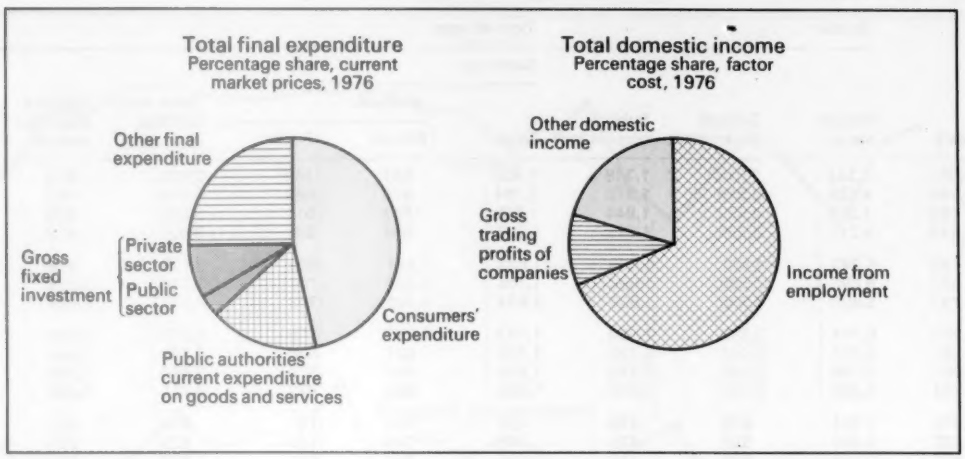
[1] Before providing for stock appreciation.
[2] Gross trading surplus of public corporations and general government enterprises, income from rent and self-employment, and imputed charge for consumption of non-trading capital.

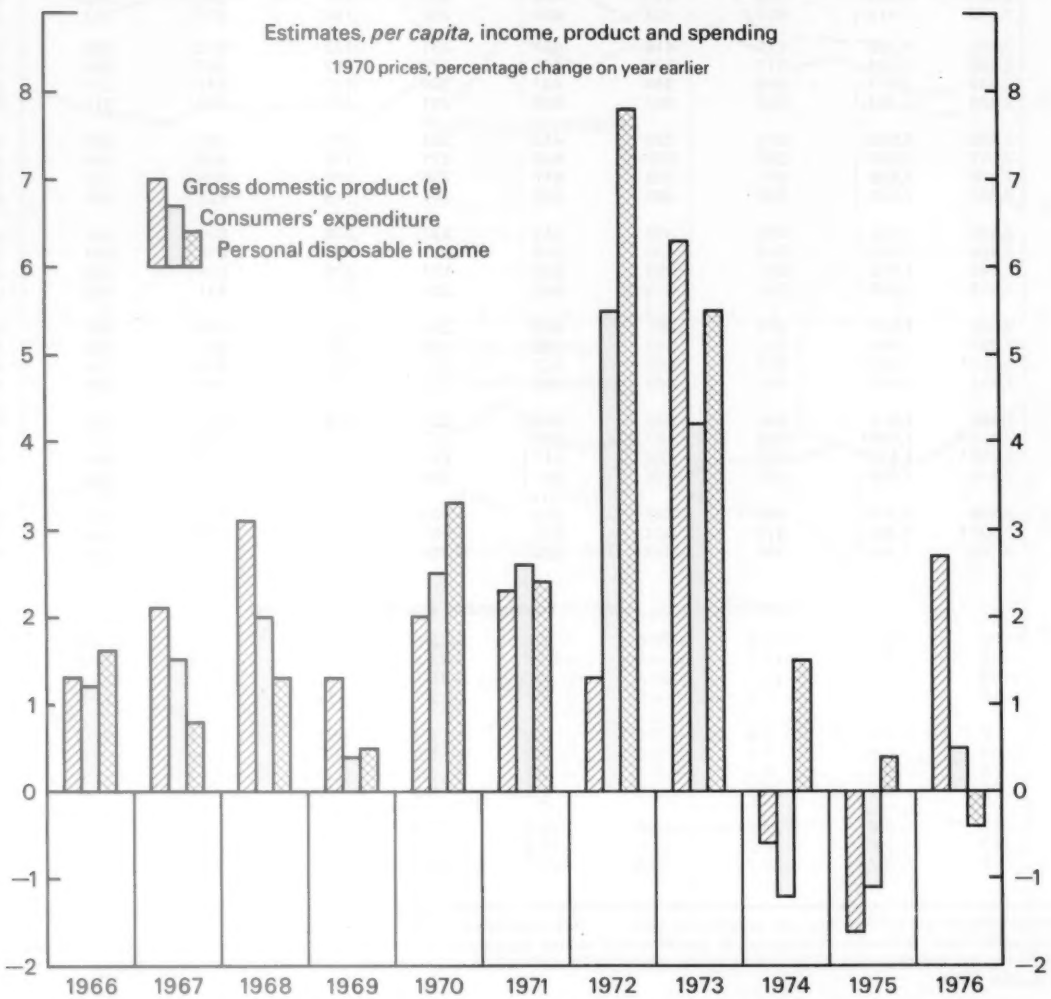
Estimates, *per capita*, income, product and spending

Seasonally adjusted

	£, current prices				£, 1970 prices		
	Gross national product[1]	Gross domestic product[1,2]	Consumers' expenditure	Personal disposable income	Gross domestic product[1,2]	Consumers' expenditure	Personal disposable income
1966	612	605	444	488	718	536	590
1967	642	635	464	507	733	544	595
1968	684	678	497	539	756	555	603
1969	719	710	526	572	766	557	606
1970	791	781	571	626	781	571	626
1971	891	882	635	694	799	587	641
1972	994	984	715	798	810	618	690
1973	1,158	1,134	807	913	861	644	729
1974	1,338	1,315	927	1,079	856	636	739
1975	1,681	1,665	1,134	1,336	843	629	741
1976	1,971	1,948	1,315	1,539	864	632	740
1975 *1*	391	388	262	311	214	160	190
2	410	407	281	327	212	159	185
3	428	423	292	344	208	156	184
4	452	447	299	354	209	154	182
1976 *1*	473	468	314	372	218	158	187
2	480	475	321	373	214	157	183
3	499	492	334	394	215	158	187
4	519	513	346	400	217	159	183
1977 *1*	524	521	356	415	212	156	182
2	539	538	365	420	216	155	178
3	561	559	381	437	214	157	180

[1] At factor cost. [2] Based on expenditure data.


Total final expenditure
Percentage share, current market prices, 1976
Other final expenditure
Gross fixed investment
Private sector
Public sector
Consumers' expenditure
Public authorities' current expenditure on goods and services
Total domestic income
Percentage share, factor cost, 1976
Other domestic income
Gross trading profits of companies
Income from employment


Estimates, per capita, income, product and spending
1970 prices, percentage change on year earlier
Gross domestic product (e)
Consumers' expenditure
Personal disposable income
8
7
6
5
4
3
2
1
0
−1
−2
1966
1967
1968
1969
1970
1971
1972
1973
1974
1975
1976

16

Gross domestic fixed capital formation by sector and by type of asset

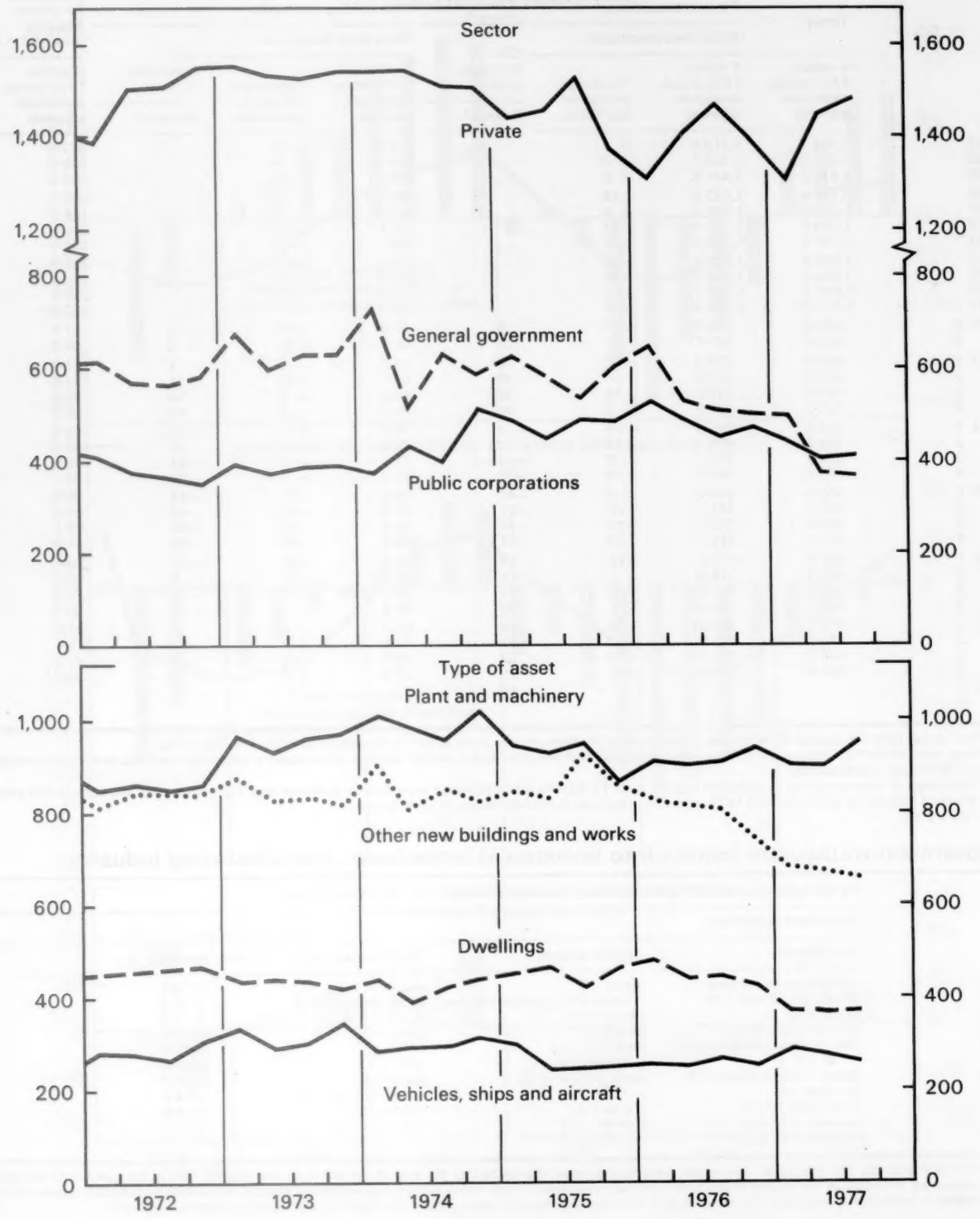
Seasonally adjusted

£ million, 1970 prices

	Sector[1]			Type of asset					
				Dwellings					
					of which:		Other new building and works[2]	Vehicles ships and aircraft	Plant and machinery
	Total§	Private sector	General government	Public corporations	Total	Private	Public			
1966	8,097	4,344	2,015	1,738	1,603	847	756	2,601	674	3,219
1967	8,780	4,488	2,316	1,976	1,784	915	869	2,879	752	3,365
1968	9,182	4,906	2,432	1,844	1,868	957	911	3,020	928	3,366
1969	9,216	5,211	2,390	1,615	1,785	894	891	3,050	912	3,469
1970	9,453	5,343	2,431	1,679	1,643	841	802	3,173	979	3,658
1971	9,682	5,596	2,388	1,698	1,754	1,007	747	3,315	1,013	3,600
1972	9,797	5,953	2,338	1,506	1,854	1,151	703	3,355	1,156	3,432
1973	10,253	6,164	2,539	1,550	1,752	1,037	715	3,378	1,283	3,840
1974	10,287	6,103	2,464	1,720	1,705	871	834	3,401	1,201	3,980
1975	10,062	5,795	2,345	1,922	1,820	915	905	3,487	1,056	3,699
1976	9,724	5,585	2,193	1,946	1,806	884	922	3,211	1,038	3,669
1971 *1*	2,370	1,304	630	436	421	234	187	800	252	897
2	2,432	1,430	582	420	443	248	195	825	267	897
3	2,437	1,449	569	419	440	259	181	832	252	913
4	2,443	1,413	607	423	450	266	184	858	242	893
1972 *1*	2,414	1,389	615	410	457	281	176	816	289	852
2	2,456	1,504	574	378	461	279	182	847	284	864
3	2,439	1,507	566	366	467	300	167	847	272	853
4	2,488	1,553	583	352	469	291	178	845	311	863
1973 *1*	2,628	1,556	676	396	442	264	178	881	337	968
2	2,511	1,536	599	376	446	271	175	836	295	934
3	2,548	1,529	631	388	441	255	186	838	306	963
4	2,566	1,543	633	390	423	247	176	823	345	975
1974 *1*	2,646	1,542	728	376	443	237	206	906	286	1,011
2	2,488	1,543	515	430	395	211	184	808	298	987
3	2,540	1,510	631	399	425	197	228	856	299	960
4	2,613	1,508	590	515	442	226	216	831	318	1,022
1975 *1*	2,555	1,440	624	491	456	230	226	853	301	945
2	2,484	1,455	580	449	468	238	230	836	249	931
3	2,562[3]	1,533[3]	537	492	427	227	200	933[3]	250	952
4	2,461	1,367	604	490	469	220	249	865	256	871
1976 *1*	2,489	1,311	648	530	483	229	254	835	258	913
2	2,425[3]	1,404[3]	534	487	445	217	228	821[3]	256	903
3	2,435[3]	1,472[3]	509	454	447	230	217	809[3]	268	911
4	2,375	1,398	502	475	431	208	223	746	256	942
1977 *1*	2,248	1,306	500	442	373	168	205	680	289	906
2	2,231[3]	1,455[3]	372	404	370	191	179	678[3]	280	903
3	2,262	1,482	366	414	377	205	172	664	262	959
4										
	Percentage change, quarter on corresponding quarter of previous year									
1975 *1*	*−3·4*	*−6·6*	*−14·3*	*+30·6*	*+ 2·9*	*− 3·0*	*+ 9·7*	*− 5·8*	*+ 5·2*	*− 6·5*
2	*−0·2*	*−5·7*	*+12·6*	*+ 4·4*	*+18·5*	*+12·8*	*+25·0*	*+ 3·5*	*−16·4*	*− 5·7*
3	*+0·9*	*+1·5*	*−14·9*	*+23·3*	*+ 0·5*	*+15·2*	*−12·3*	*+ 9·0*	*−16·4*	*− 0·8*
4	*−5·8*	*−9·4*	*+ 2·4*	*− 4·9*	*+ 6·1*	*− 2·7*	*+15·3*	*+ 4·1*	*−19·5*	*−14·8*
1976 *1*	*−2·6*	*−9·0*	*+ 3·8*	*+ 7·9*	*+ 5·9*	*− 0·4*	*+12·4*	*− 2·1*	*−14·3*	*− 3·4*
2	*−2·4*	*−3·5*	*− 7·9*	*+ 8·5*	*− 4·9*	*− 8·8*	*− 0·9*	*− 1·8*	*+ 2·8*	*− 3·0*
3	*−5·0*	*−4·0*	*− 5·2*	*− 7·7*	*+ 4·7*	*+ 1·3*	*+ 8·5*	*−13·3*	*+ 7·2*	*− 4·3*
4	*−3·5*	*+2·3*	*−16·9*	*− 3·1*	*− 8·1*	*− 5·5*	*−10·4*	*−13·8*	*—*	*+ 8·2*
1977 *1*	*−9·7*	*−0·4*	*−22·8*	*−16·6*	*−22·8*	*−26·6*	*−19·3*	*−18·6*	*+12·0*	*− 0·8*
2	*−8·0*	*+3·6*	*−30·3*	*−17·0*	*−16·9*	*−12·0*	*−21·5*	*−17·4*	*+ 9·4*	*—*
3	*−7·1*	*+0·7*	*−28·1*	*− 8·8*	*−15·7*	*−10·9*	*−20·7*	*−17·9*	*− 2·2*	*+ 5·3*
4										

[1] Including purchases *less* sales of land and existing buildings. [2] Including transfer costs of land and buildings.
[3] Including extra capital formation in imported oil platforms and related equipment delivered during the quarter but not adjusted for seasonality. The extra deliveries are approximately £100 million in 3rd quarter 1975, £60 million in 2nd quarter 1976, £50 million in 3rd quarter 1976 and £90 million in 2nd quarter 1977.

£ million, 1970 prices, seasonally adjusted.



Indicators of fixed investment by manufacturing industry

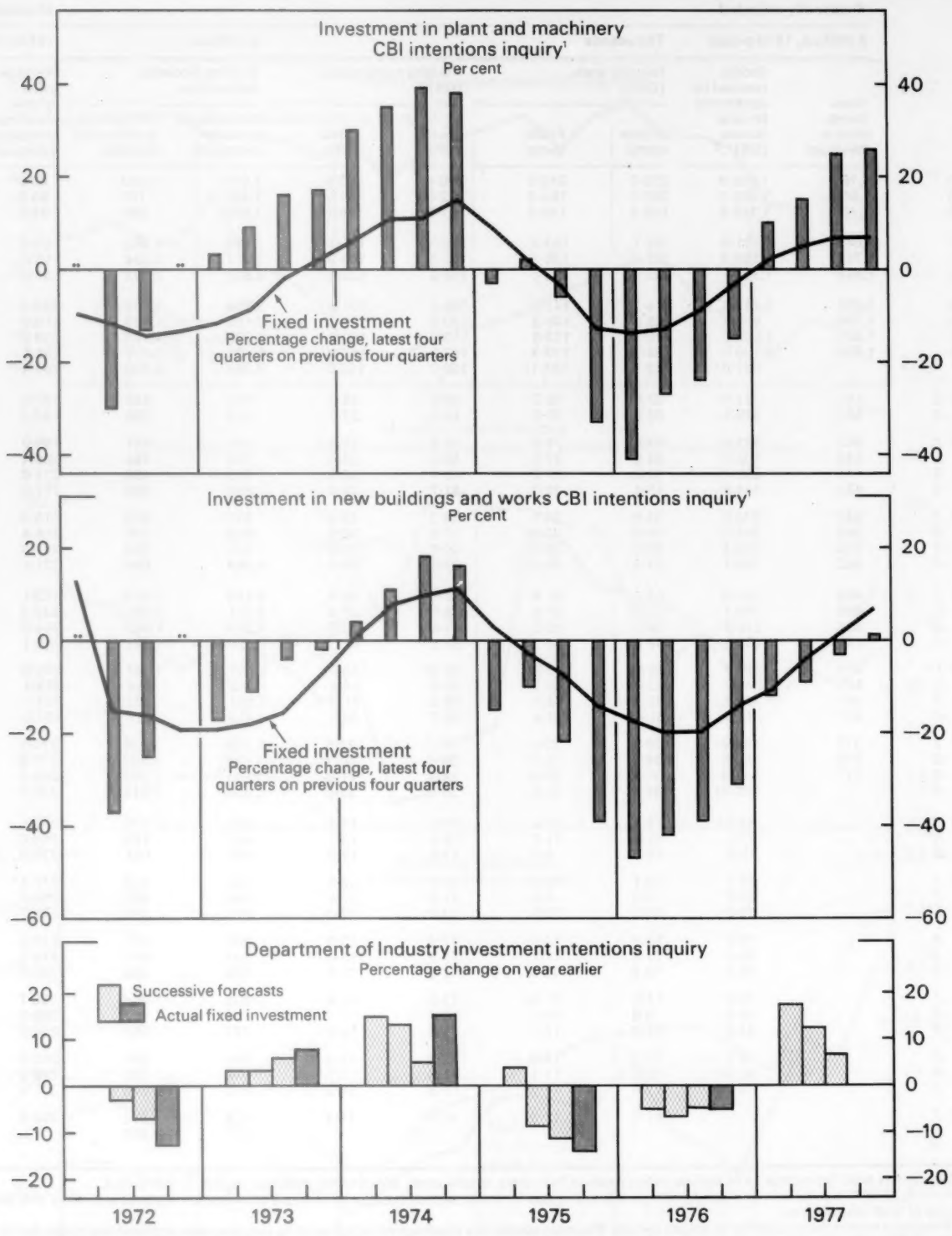
	Gross fixed investment in manufacturing industry						New orders received by contractors for private industrial work (GB)[1,2]
	Total§	Plant and machinery			New building and works		
		Gross fixed investment		CBI Intentions Inquiry	Gross fixed investment	CBI Intentions Inquiry	
	£ million, 1970 prices, seasonally adjusted	£ million, 1970 prices, seasonally adjusted	*Percentage change on year earlier*	Balance[3]	£ million, 1970 prices, seasonally adjusted	*Percentage change on year earlier*	Balance[3]	£ million, 1970 prices, seasonally adjusted
1967	1,737·7	1,318·6	+ *1*	..	319·6	−*12*	..	527·9
1968	1,851·2	1,406·1	+ *7*	..	335·9	+ *5*	..	549·6
1969	1,977·5	1,471·5	+ *5*	..	390·1	+*16*	..	605·9
1970	2,129·8	1,623·9	+*10*	..	391·2	—	..	565·2
1971	1,988·0†	1,520·2	− *6*	..	353·0†	−*10*	..	405·2
1972	1,720·8	1,310·4	−*14*	..	287·1	−*19*	..	400·5
1973	1,730·3	1,333·0	+ *2*	..	266·7	− *7*	..	514·9
1974	1,964·4	1,529·2	+*15*	..	295·0	+*11*	..	433·0
1975	1,694·9	1,336·7	−*13*	..	252·8	−*14*	..	276·9
1976	1,632·8	1,297·7	− *3*	..	213·8	−*15*	..	329·5
1977	1,761·6[4]	1,383·4	+ *7*	..	229·0	+ *7*	..	397·5[4]
1972 *3*	420·5	316·6	−*17*	16	71·8	−*17*	− 4	97·4
4	421·0	321·7	−*11*	17	65·7	−*25*	− 2	99·0
1973 *1*	435·0	337·3	− *4*	30	64·6	−*15*	4	121·7
2	416·7	321·3	—	35	64·1	−*12*	11	124·5
3	449·6	347·1	+*10*	39	69·3	− *4*	18	130·0
4	429·0	327·3	+ *2*	38	68·7	+ *5*	16	138·8
1974 *1*	496·5	384·6	+*14*	− 3	76·9	+*19*	−15	108·3
2	488·2	379·3	+*18*	2	73·3	+*14*	−10	109·0
3	486·7	379·7	+ *9*	− 6	71·1	+ *3*	−22	109·5
4	493·0	385·6	+*18*	−33	73·7	+ *7*	−39	106·1
1975 *1*	455·5	358·0	− *7*	−41	68·7	−*11*	−47	85·0
2	432·5	341·4	−*10*	−27	65·8	−*10*	−42	67·0
3	409·2	322·1	−*15*	−24	62·0	−*13*	−39	73·1
4	397·7	315·2	−*18*	−15	56·3	−*24*	−31	51·9
1976 *1*	396·5	314·9	−*12*	10	54·3	−*21*	−12	70·7
2	400·0	316·4	− *7*	15	52·2	−*21*	− 9	83·0
3	414·3	329·9	+ *2*	25	53·1	−*14*	− 3	78·9
4	422·0	336·5	+ *7*	26	54·2	− *4*	1	96·9
1977 *1*	418·2	330·7†	+ *5*	29	52·1	− *4*	4	92·5
2	432·7	336·6	+ *6*	31	55·9	+ *7*	—	115·1
3	455·7	360·5	+ *9*	23	58·5	+*10*	− 4	97·2
4	455·0[4]	355·6	+ *6*	21	62·5	+*15*	− 3	92·7[4]
1978 *1*				21			− 4	
2								

[1] New orders from 3rd quarter 1974 include orders received by firms, mostly small, added to the statistical register in that period.
[2] From 2nd quarter 1976 figures are not precisely comparable with those for earlier periods because of revisions to estimation methods and minor changes in type of work classification.
[3] Percentage of firms expecting to authorise more in next 12 months *less* percentage expecting to authorise less. Figures relate to Inquiries in February, June and October of each year until 1972, when they are held in the first month of each quarter.
[4] Provisional.

Department of Industry inquiry into investment intentions[1]: manufacturing industry

	Percentage change over previous year, in volume terms			
	Gross fixed investment			
	First forecast	Second forecast	Third forecast	Actual
1968	probably some increase	about +5	less than +5	+ 6·5
1969	between +10 and +15	+10 to +15, perhaps top end	of the order of +10	+ 6·8
1970	about +10	about +10	about +2 or +3	+ 7·7
1971	no large change	about −2	about −6 to −8	− 6·5
1972	little change, perhaps a rise	about −3	−7	−12·6
1973	+2 to +5	+2 to +5	+6	+ 0·8
1974	strong increase about +15	some +12 to +14	about +5	+15·7
1975	less than +5	−7 to −10	about −11 or −12	−14·0
1976	of the order of −5	−5 to −8	−4 to −5	− 4·9
1977	between +15 and +20	+10 to +15	+7	
1978	between +12 and +17	+10 to +13		

[1] For each year the first inquiry is held in the preceding summer, the second at the end of the previous year and the third in the summer of the year concerned. (In addition the inquiry at the end of the year seeks preliminary information in respect of the second year ahead and another survey in the spring of each year updates the intentions for both years covered by this inquiry; these two inquiries are not included in the table.)

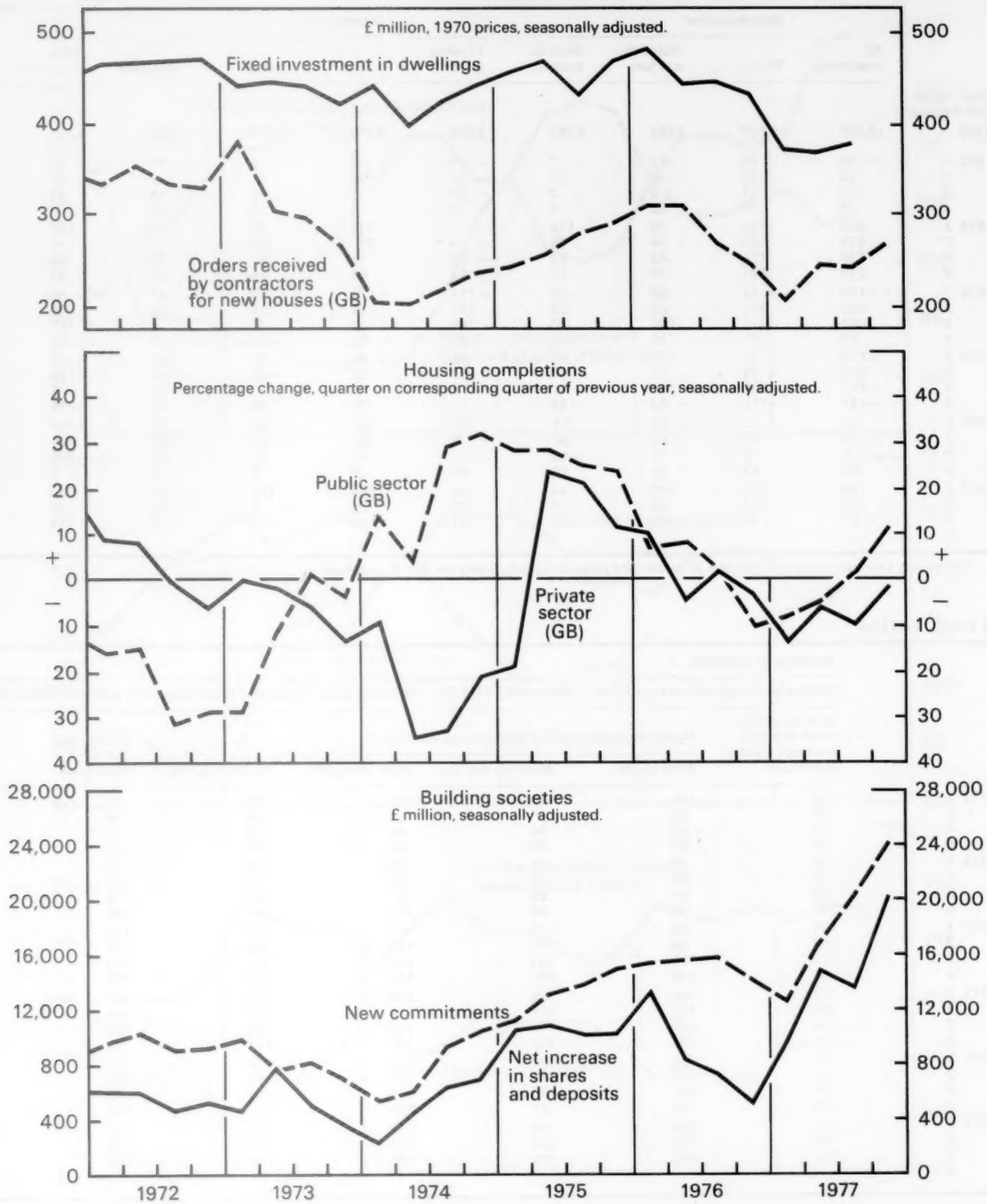


[1]The results of the CBI intentions inquiry have been moved forward one year for direct comparison with the percentage changes in fixed investment

Indicators of fixed investment in dwellings

	Seasonally adjusted								Unadjusted
	£ million, 1970 prices		Thousands				£ million		1970=100
	Fixed investment in dwellings	Orders received by contractors for new houses (GB)[1,2]	Housing starts (GB)§		Housing completions (GB)§		Building Societies Association		Average price of new dwellings: mortgages approved[3]
			Private sector	Public sector	Private sector	Public sector	New commitments for mortgages	Net increase in shares and deposits	
1967	1,784	1,665·9	233·6	213·9	200·4	203·9	1,649	1,099	83·8
1968	1,868	1,435·7	200·1	194·3	222·0	191·7	1,480	767	89·6
1969	1,785	1,165·9	166·8	176·6	181·7	185·1	1,580	895	94·2
1970	1,643	1,171·6	165·1	153·8	170·3	180·1	2,188	1,490	100·0
1971	1,754	1,190·8	207·4	136·9	191·6	158·9	3,013	2,034	115·3
1972	1,854	1,351·1	228·0	123·0	196·5	122·8	3,802	2,193	151·5
1973	1,752	1,247·9	215·7	112·8	186·6	107·5	3,254	2,102	206·4
1974	1,705	866·2	105·9	146·8	140·9	128·6	3,115	1,993	218·9
1975	1,820	1,066·0	149·1	173·8	150·8	162·3	5,302	4,172	239·5[4]
1976	1,806	1,139·5	154·7	170·9	152·2	163·0	6,106	3,405	259·5
1977		957·8[5]	133·9	132·1†	139·7	162·5	7,356	5,808	285·4
1972 *3*	467	332·4	57·6	28·2	48·9	25·9	909	466	167·6
4	469	326·9	62·0	31·0	49·0	27·0	916	526	182·2
1973 *1*	442	382·4	62·6	29·8	48·8	25·8	991	464	196·0
2	446	303·2	54·9	27·8	49·0	29·5	759	784	205·4
3	441	297·7	52·8	27·2	46·1	26·2	816	498	211·6
4	423	264·5	45·4	28·0	42·7	26·0	688	356	217·0
1974 *1*	443	204·6	33·8	34·1	44·3	29·5	533	218	216·8
2	395	202·0	25·8	40·3	31·9	30·8	598	456	215·4
3	425	223·4	22·5	36·5	30·9	33·9	931	634	221·0
4	442	236·1	23·8	35·9	33·8	34·4	1,053	685	221·8
1975 *1*	456	242·6	33·1	41·4	35·8	37·8	1,119	1,054	228·1
2	468	256·1	37·4	37·8	39·6	39·3	1,311	1,085	239·4
3	427	276·9	38·0	43·9	37·6	42·5	1,373	1,012	244·5
4	469	290·3	40·6	50·7	37·8	42·7	1,499	1,021	246·1
1976 *1*	483	311·4	42·0†	49·8†	39·4†	40·6†	1,537	1,341	249·8
2	445	309·7	42·0	44·3	37·8	42·4	1,552	824	258·4
3	447	269·3	39·3	44·4	38·3	41·5	1,581	727	264·1
4	431	248·6	31·4	32·4	36·7	38·5	1,419	513	267·0
1977 *1*	373	206·4[4]	29·9	30·3	33·7	37·5	1,255	939	270·3
2	370	245·5	34·3	32·7	35·6	40·3	1,680	1,503	279·8
3	377	240·9	35·2	34·6	34·5	41·8	2,021	1,352	288·9
4		265·0[5]	34·5	34·5	35·9	42·9	2,400	2,014	298·2
1976 *O*	..	84·3	10·4	11·4	11·9	13·4	495	175	266·5
N	..	87·1	10·8	11·2	12·3	13·1	467	155	265·0
D	..	77·2	10·2	9·8	12·5	12·0	457	183	270·3
1977 *J*	..	66·7	10·1	10·9	11·1	12·6	394	224	270·4
F	..	63·7	9·5	8·5	11·7	12·9	389	323	268·6
M	..	76·0	10·3	10·9	10·9	12·0	472	392	271·5
A	..	76·0	12·3	10·0	12·4	13·5	458	496	276·3
M	..	80·3	11·2	11·1	11·7	13·0	634	547	278·7
J	..	89·2	10·8	11·6	11·5	13·8	588	460	284·1
J		70·0	12·2	11·6	12·6	12·8	609	368	286·7
A		86·5	9·8	10·9	10·4	14·4	685	427	289·7
S		84·4	13·2	12·1	11·5	14·6	727	557	290·4
O		76·1	12·3	12·4	12·3	14·9	780	667	295·3
N		92·1[5]	10·8	11·1	11·3	13·7	798	701	298·3
D		96·8[5]	11·4	11·0	12·3	14·3	822	646	301·5
1978 *J*			11·5	11·0	12·9	11·4	805	504	308·6
F							797	462	
M									

[1] New orders from 3rd quarter 1974 include orders received from firms, mostly small, added to the statistical register in that period.
[2] From April 1976 figures are not precisely comparable with those for earlier periods because of revisions to estimation methods and minor changes in type of work classification.
[3] Mortgages with building societies by private owners. The index covers only dwellings on which building societies have approved mortgages during the period. The cost of land is included.
[4] From 1975 figures are based on a new monthly return covering 90 per cent of building society mortgages. [5] Provisional


£ million, 1970 prices, seasonally adjusted.
Fixed investment in dwellings
Orders received by contractors for new houses (GB)
500
400
300
200
Housing completions
Percentage change, quarter on corresponding quarter of previous year, seasonally adjusted.
Public sector (GB)
Private sector (GB)
+
0
—
40
30
20
10
Building societies
£ million, seasonally adjusted.
New commitments
Net increase in shares and deposits
28,000
24,000
20,000
16,000
12,000
800
400
0
1972
1973
1974
1975
1976
1977

Stock changes

Seasonally adjusted

£ million, 1970 prices

	All industries§	Manufacturing[1]				Distribution			Other industries
		Total§	Materials and fuel	Work in progress	Finished goods	Total	Retail	Wholesale	
Book values end-December									
1976	18,401	10,529	3,543	4,082	2,903	3,759	1,929	1,830	4,113
1972 *1*	− 34	− 83	−15	7	− 75	29	8	21	20
2	18	− 60	−50	21	− 31	39	41	− 2	39
3	27	− 21	2	− 2	− 22	− 1	−15	14	49
4	23	19	22	6	− 8	− 4	−19	15	8
1973 *1*	439	199	89	110	—	131	92	39	109
2	419	166	94	75	− 3	216	209	7	37
3	236	111	43	82	− 14	70	40	30	55
4	227	121	77	57	− 13	64	38	26	42
1974 *1*	−116	− 71	64	−24	−111	+ 1	−20	21	−46
2	333	211	68	22	121	73	25	48	49
3	362	377	135	73	169	− 32	−37	5	17
4	17	117	20	15	82	− 70	−77	7	−30
1975 *1*	−170	− 31	136	17	88	− 66	−44	−22	−73
2	−213	− 74	− 51	−22	− 1	−112	−61	−51	−27
3	−213	−209	−141	−61	− 7	− 10	16	−26	6
4	−147	−115	− 63	−52	—	12	24	−12	−44
1976 *1*	44	—	− 25	12	13	59	33	26	−15
2	− 57	− 66	− 28	−34	− 4	− 65	−45	−20	74
3	− 1	− 2	7	−16	7	30	16	14	−29
4	80	73	− 15	48	40	8	5	3	− 1
1977 *1*	155	125	55	44	26	153	102	51	−123
2	235	164	39	− 5	130	34	− 5	39	37
3	− 81	− 45	−24	−51	31	−50	−44	− 6	14
4									

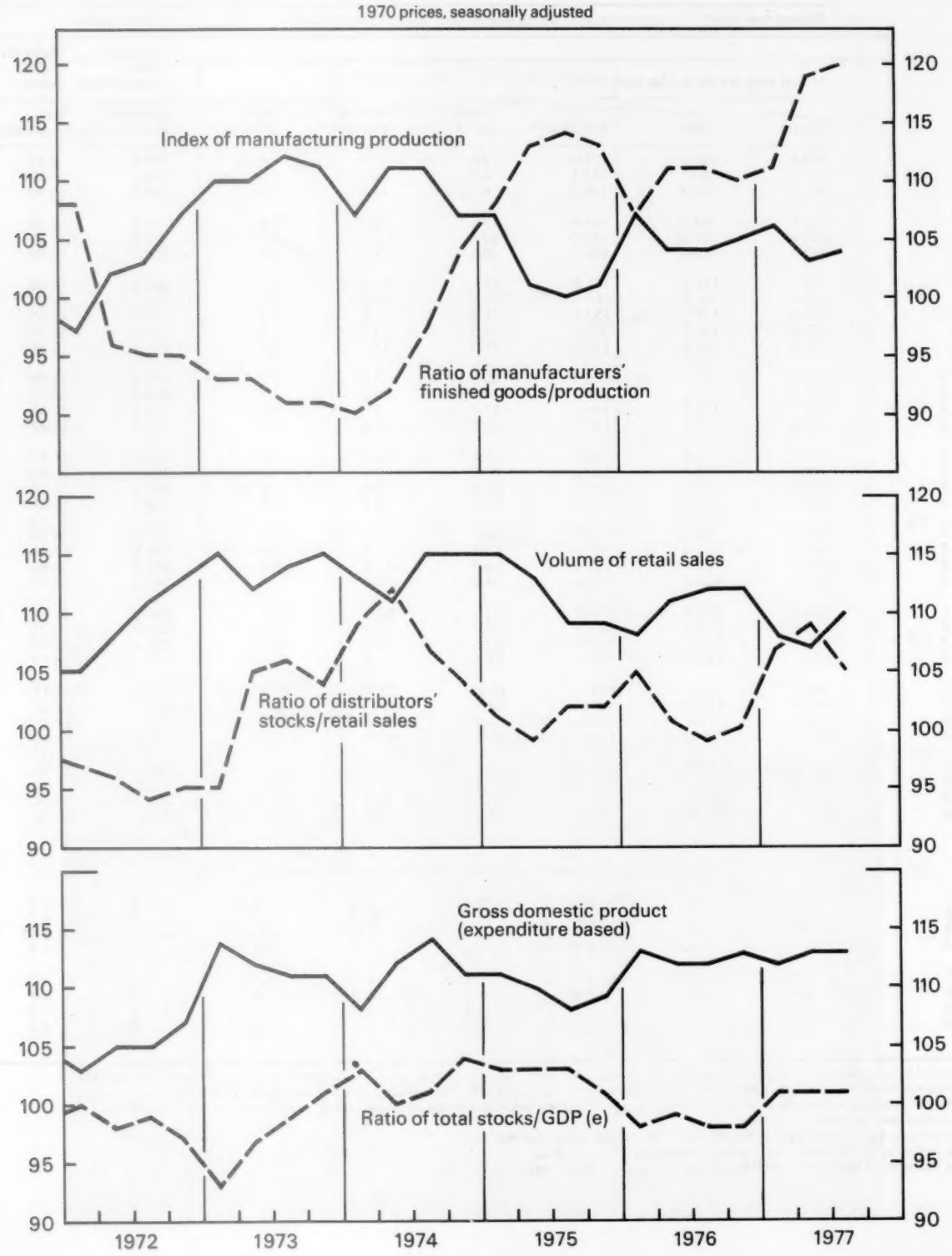
[1]Differences between totals and the sum of constituent parts of manufacturing are due to rounding.

Stock ratios

Seasonally adjusted

1970 prices: stocks level, end-Dec. 1969=100; GDP (e), industrial production and retail sales, 4th quarter 1969=100

	Total stocks to gross domestic product (expenditure based)	Manufactured stocks to manufacturing production				Distributors' stocks to retail sales
		Total stocks	Materials and fuel	Work in progress	Finished goods	
1972 *1*	100	104	102	104	108	97
2	98	93	90	94	96	96
3	99	93	90	94	95	94
4	97	94	92	95	95	95
1973 *1*	93	93	91	95	93	95
2	97	95	94	97	93	105
3	99	94	93	97	91	106
4	101	96	96	99	91	104
1974 *1*	103	99	102	103	90	109
2	100	98	100	100	92	112
3	101	101	103	101	97	107
4	104	105	107	105	104	104
1975 *1*	103	106	104	106	108	101
2	103	110	108	111	113	99
3	103	109	105	110	114	102
4	101	107	102	108	113	102
1976 *1*	98	102	96	103	107	105
2	99	104	98	105	111	101
3	98	104	98	104	111	99
4	98	104	97	105	110	100
1977 *1*	101	104	98	105	111	107
2	101	108	103	107	119	109
3	101	107	100	105	120	105
4						


1970 prices, seasonally adjusted
Index of manufacturing production
Ratio of manufacturers' finished goods/production
Volume of retail sales
Ratio of distributors' stocks/retail sales
Gross domestic product (expenditure based)
Ratio of total stocks/GDP (e)
120
115
110
105
100
95
90
1972
1973
1974
1975
1976
1977

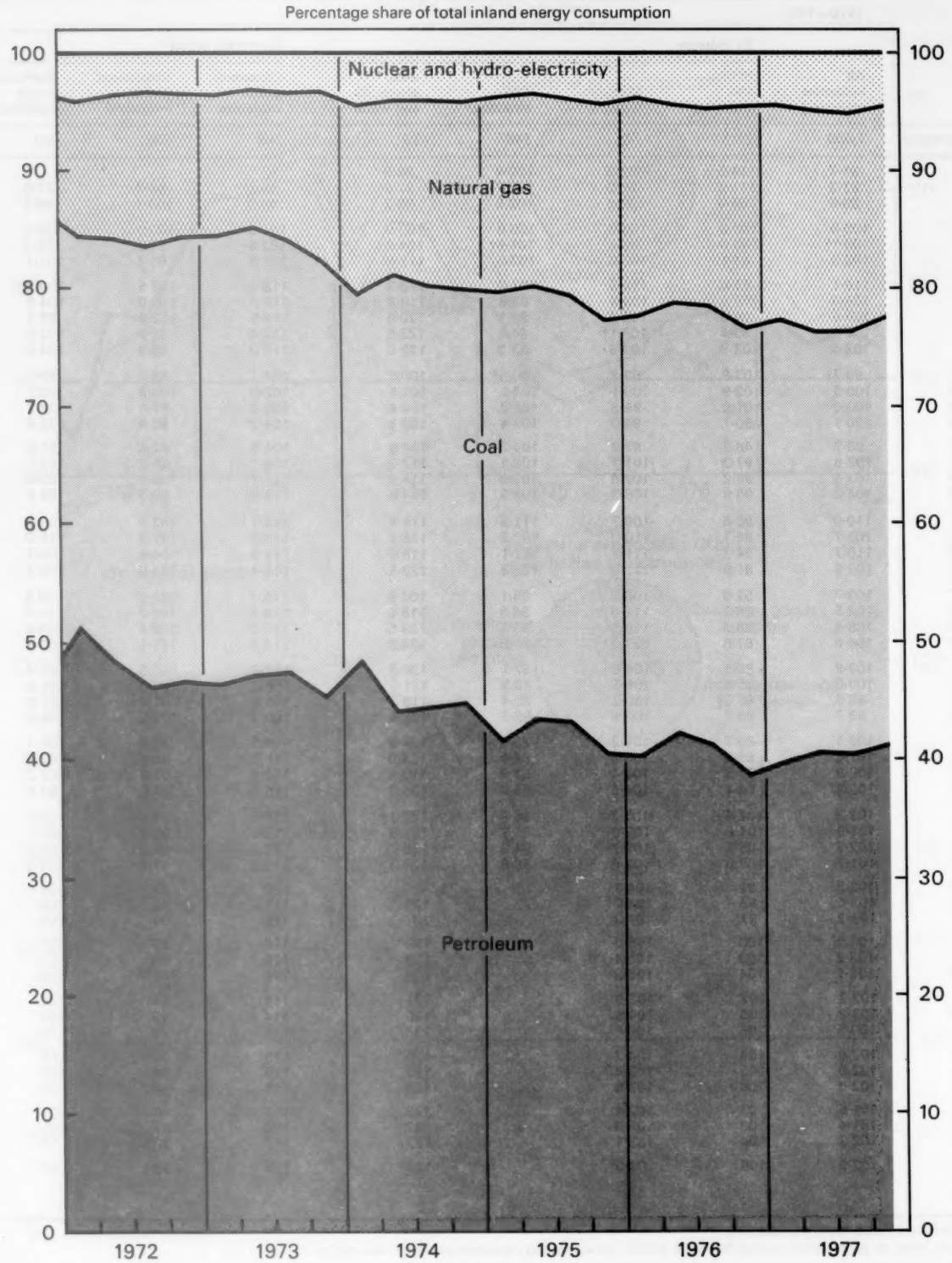
24

Inland energy consumption

Annual rates, seasonally adjusted and temperature corrected

	Primary fuel input[1]						Public supply	
	Million tons of coal or coal equivalent						Thousand million kilowatt hours	Thousand million therms
	Total	Coal[2]	Petroleum[3]	Natural gas[4,5]	Nuclear electricity[5]	Hydro electricity[5]	Electricity available(GB)[6]	Gas available(GB)[7]
1967	298·5	163·7	121·2	2·1	8·9	2·6	177·8	4·37
1968	307·9	164·1	127·1	4·7	10·1	1·9	193·6	4·88
1969	317·9	160·2	136·2	9·2	10·5	1·8	200·5	5·40
1970	331·0	154·3	147·4	17·6	9·3	2·4	211·6	6·30
1971	327·6	137·8	150·0	28·4	9·7	1·7	215·9	8·25
1972	332·1	119·9	159·6	40·3	10·5	1·8	224·1	10·82
1973	348·4	131·0	161·9	43·6	9·9	2·0	241·0	12·04
1974	332·6	115·8	150·7	52·1	11·9	2·1	235·5	13·53
1975	320·9	118·8	134·9	54·5	10·8	1·9	234·2	13·90
1976	325·6	121·0	132·1	57·9	12·7	1·9	236·7	14·41†
1977	332·2	120·6	134·2	61·3	14·1	2·0	240·2	15·39
1972 *1*	311·9	103·2	160·1	35·4	11·4	1·8	213·4	9·98
2	332·6	119·2	161·1	39·7	10·3	2·3	224·4	10·70
3	336·1	126·0	154·7	43·7	9·7	2·0	226·3	11·18
4	348·0	131·2	162·6	42·5	10·6	1·1	232·2	11·42
1973 *1*	345·8	132·2	160·2	40·8	10·7	1·9	243·2	11·51
2	346·9	132·3	163·2	40·2	9·2	2·0	241·3	11·69
3	351·2	129·1	166·5	43·4	10·0	2·2	241·3	12·19
4	349·5	130·2	157·8	50·0	9·7	1·8	238·3	12·79
1974 *1*	306·9	94·6	148·5	49·7	11·3	2·8	216·3	13·20
2	334·8	124·6	147·2	49·4	12·3	1·3	237·1	13·49
3	346·0	123·8	153·4	54·6	12·2	2·0	244·2	13·66
4	342·9	120·0	153·9	54·6	12·0	2·4	244·3	13·78
1975 *1*	326·2	125·2	134·6	53·6	10·7	2·1	236·2	13·73
2	324·7	119·3	140·8	52·9	10·2	1·5	237·3	13·71
3	318·1	115·1	137·0	53·3	10·6	2·1	234·7	13·97
4	314·7	115·4	127·1	58·4	11·8	2·0	228·5	14·17
1976 *1*	328·4	123·5	131·7	60·5	10·8	1·9	230·9	14·27
2	325·2	118·9	137·3	54·2	12·3	2·5	240·4	14·36
3	323·2	118·6	134·5	54·2	14·4	1·5	244·3	14·46†
4	325·5	123·2	124·9	62·6	13·2	1·6	231·4	14·56
1977 *1*	331·0†	124·3†	131·3†	60·2†	13·6†	1·6	237·9†	14·95
2	333·6†	119·1	135·0	62·8	14·3	2·4†	242·9	15·32
3	334·8†	119·7	135·3	62·7	15·4	1·7	248·3	15·54
4	329·3	119·2	135·2	59·7	12·9	2·3	231·9	15·76
	Percentage change, quarter on corresponding quarter of previous year							
1976 *1*	*+ 0·7*	*− 1·3*	*− 2·1*	*+12·8*	*+ 1·0*	*− 8·9*	*− 2·2*	*+ 3·9*
2	*+ 0·2*	*− 0·3*	*− 2·5*	*+ 2·4*	*+20·5*	*+62·1*	*+ 1·3*	*+ 4·7*
3	*+ 1·6*	*+ 3·1*	*− 1·8*	*+ 1·7*	*+35·8*	*−30·5*	*+ 4·1*	*+ 3·5†*
4	*+ 3·4*	*+ 6·8*	*− 1·8*	*+ 7·3*	*+11·6*	*−20·9*	*+ 1·3*	*+ 2·8*
1977 *1*	*+ 0·8†*	*+ 0·7†*	*− 0·4*	*− 0·5†*	*+26·8†*	*−17·6†*	*+ 3·0†*	*+ 4·8*
2	*+ 2·6*	*+ 0·2*	*− 1·6†*	*+15·9*	*+16·3*	*− 7·3*	*+ 1·0*	*+ 6·7*
3	*+ 3·6*	*− 0·9*	*+ 0·6*	*+15·8*	*+ 7·2*	*+14·3*	*+ 1·6*	*+ 7·5*
4	*+ 1·2*	*− 3·2*	*+ 8·2*	*− 4·7*	*− 2·6*	*+48·8*	*+ 0·2*	*+ 8·2*

[1] Revised basis. Details of changes are given in the *Digest of United Kingdom Energy Statistics 1976* and in *Energy Trends,* August 1976.
[2] Consumption by fuel producers *plus* colliery disposals to final users *plus* net foreign trade and stock change in other solid fuels.
[3] Refinery throughput of crude oil *plus* net foreign trade and stock change in petroleum products *less* deliveries of non-energy products.
[4] Excluding gas flared or reinjected.
[5] Natural gas, nuclear and hydro electricity are not temperature corrected.
[6] The inclusion of Northern Ireland would add about 2% to the total.
[7] The inclusion of Northern Ireland would add about 0·3% to the total.


Percentage share of total inland energy consumption
Nuclear and hydro-electricity
Natural gas
Coal
Petroleum
100
90
80
70
60
50
40
30
20
10
0
1972
1973
1974
1975
1976
1977

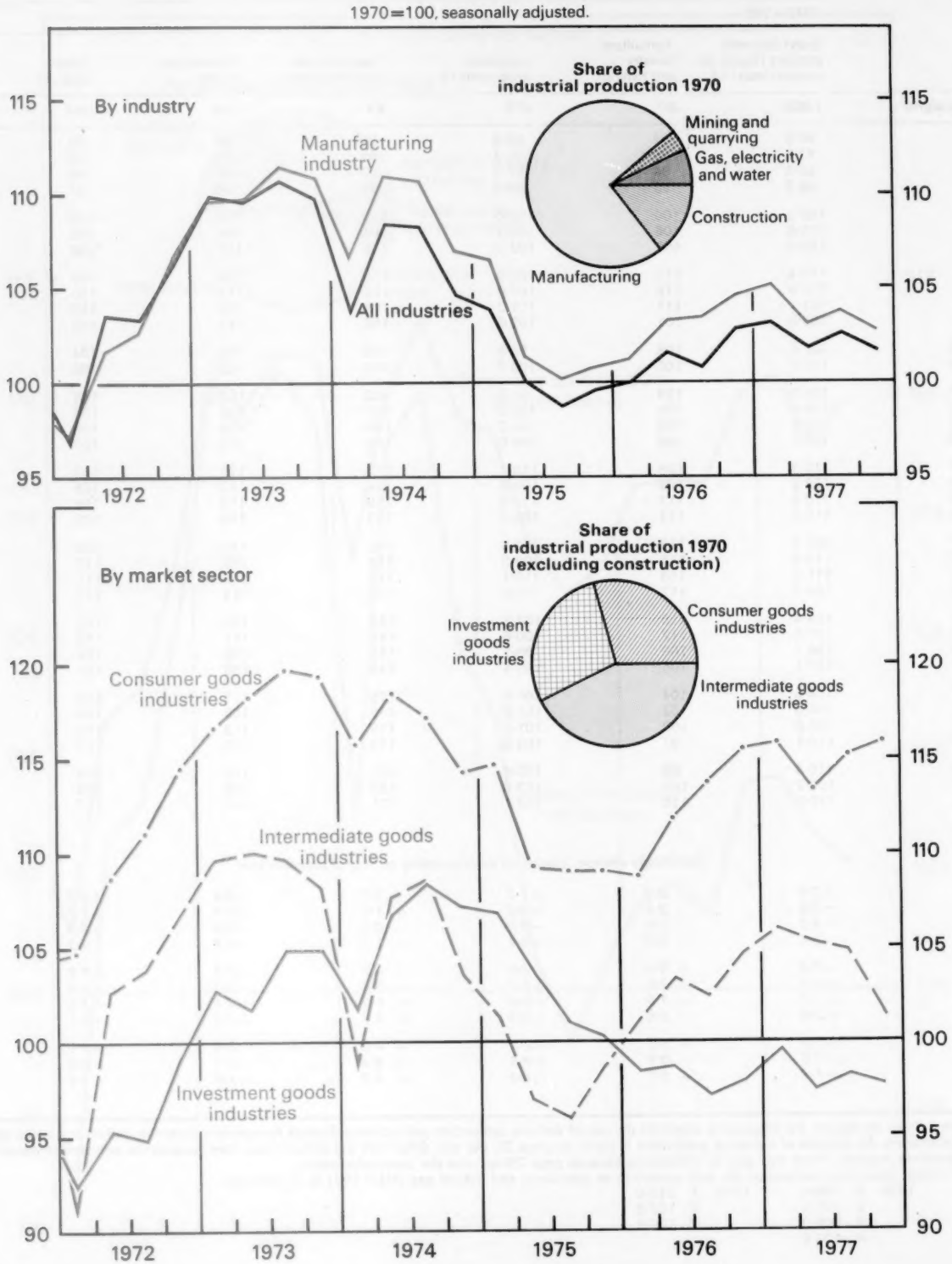
Index of industrial production

Seasonally adjusted

1970=100

	By industry				By market sector[1]		
	All industries covered §	Mining and quarrying	Manufacturing §	Construction[2]	Gas, electricity and water	Consumer goods industries	Investment goods industries	Intermediate goods industries
1970 weights	*1,000*	*37*	*745*	*146*	*72*	*249*	*238*	*363*
1967	91·7	114·5	89·8	100·4	86·0	..	..	..
1968	97·2	111·2	96·0	102·7	91·6	95·4	94·7	97·8
1969	99·9	104·0	99·6	102·0	96·2	98·3	100·1	99·9
1970	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0
1971	100·1†	100·0	99·4	101·8†	104·0	102·5	97·9	99·2
1972	102·3	84·1	102·0	103·5	111·6	109·8	95·4	101·1
1973	110·1	92·6	110·5	107·9	118·3	118·6	103·5	103·4
1974	106·3	78·8	108·9	93·8	118·9	116·5	106·0	104 6
1975	100·6	86·0	102·2	86·1	120·8	110·5	102·9	98·1
1976	101·4	89·4	103·1†	84·5	123·5	112·4	97·9	102·9
1977	102·4	103·8	103·6	83·2	128·0	115·0	98·3	104·2
1971 *1*	99·7†	103·8	99·2	100·5†	100·8	100·7	98·2	99·7
2	100·6	103·9	100·1	102·1	101·5	102·0	100·6	99·1
3	100·0	101·6	99·3	101·2	104·8	103·2	97·1	99·3
4	100·1	90·7	99·0	103·4	108·8	104·2	95·9	98·6
1972 *1*	96·7	46·2	97·0	104·2	104·5	104·8	92·3	91·0
2	102·8	97·2	101·7	105·1	112·0	108·7	95·2	102·7
3	103·4	96·2	102·8	102·6	114·9	111·1	94·9	103·9
4	106·3	96·9	106·7	102·3	114·8	114·6	99·3	106·8
1973 *1*	110·0	98·5	109·7	111·9	115·8	116·7	102·7	109·7
2	109·7	95·7	110·0	107·2	118·9	118·6	101·6	110·0
3	110·7	94·2	111·5	107·1	118·0	119·9	104·9	109·7
4	109·8	81·9	111·0	105·3	120·5	119·4	104·9	108·2
1974 *1*	103·7	52·9	106·7	99·1	107·8	115·7	101·8	98·5
2	108·5	86·3	111·0	96·3	118·6	118·6	106·7	107·6
3	108·4	88·5	110·8	93·4	124·5	117·2	108·4	108·6
4	104·6	87·5	107·0	86·5	124·8	114·3	107·1	103·5
1975 *1*	103·9	86·5	106·5	87·1	120·5	114·7	106·8	101·4
2	100·0	85·6	101·3	86·3	121·9	109·2	103·6	96 8
3	98·8	85·3†	100·2	85·4	118·3	108·9	101·0	95·8
4	99·7	86·7	100·9	85·7	122·6	109·1	100·2	98·6
1976 *1*	100·1	86·7	101·2	86·0	124·8	108·7	98·4	101·1
2	101·6	89·2	103·3	84·6	124·0	111·8	98·5	103·4
3	100·9	87·3	103·4	81·9	119·9	113·6	97·0	102 3
4	102·9	94·4	104·6	85·7	125·3	115·5	97·8	104·6
1977 *1*	103·2	102·4	105·2	80·9	127·7†	115·8	99·5	106·0
2	101·9	104·0	103·0	81·7	131·3	113·3	97·9	105·1
3	102·7	105·1	103·7	84·3	128·7	115·2	98·2	104·7
4	101·7	103·6	102·6	85·8	124·4	115·9	97·6	101·2
1976 *O*	102·5	92	104·7	..	120	116	97	103
N	103·0	95	104·7	..	125	115	98	105
D	103·2	97	104·3	..	131	115	98	106
1977 *J*	103·2	100	105·0	..	132	116	99	107
F	103·2	103	105·4	..	126	116	99	106
M	103·1	104	105·3	..	125	116	101	105
A	102·2	102	103·5	..	131	114	98	105
M	103·3	105	104·8	..	130	114	99	107
J	100·3	105	100·6	..	133	111	96	103
J	102·8	104	104·2	..	125	115	98	105
A	102·8	105	103·4	..	132	115	98	105
S	102·6	106	103·5	..	129	115	98	105
O	101·5	103	102·4	..	123	116	98	101
N	101·4	103	101·9	..	127	115	97	101
D	102·3	104	103·4		123	117	98	102
1978 *J*	102·9	108	103·0		133	116	98	104
F								
M								

[1] All industries other than construction.
[2] For an index of construction output for Great Britain, incorporating the latest available information see page 30.


1970=100, seasonally adjusted.
By industry
Share of industrial production 1970
Mining and quarrying
Gas, electricity and water
Construction
Manufacturing
Manufacturing industry
All industries
115
110
105
100
95
1972
1973
1974
1975
1976
1977
By market sector
Share of industrial production 1970 (excluding construction)
Consumer goods industries
Intermediate goods industries
Investment goods industries
120
115
110
105
100
95
90

Index numbers of output

Seasonally adjusted

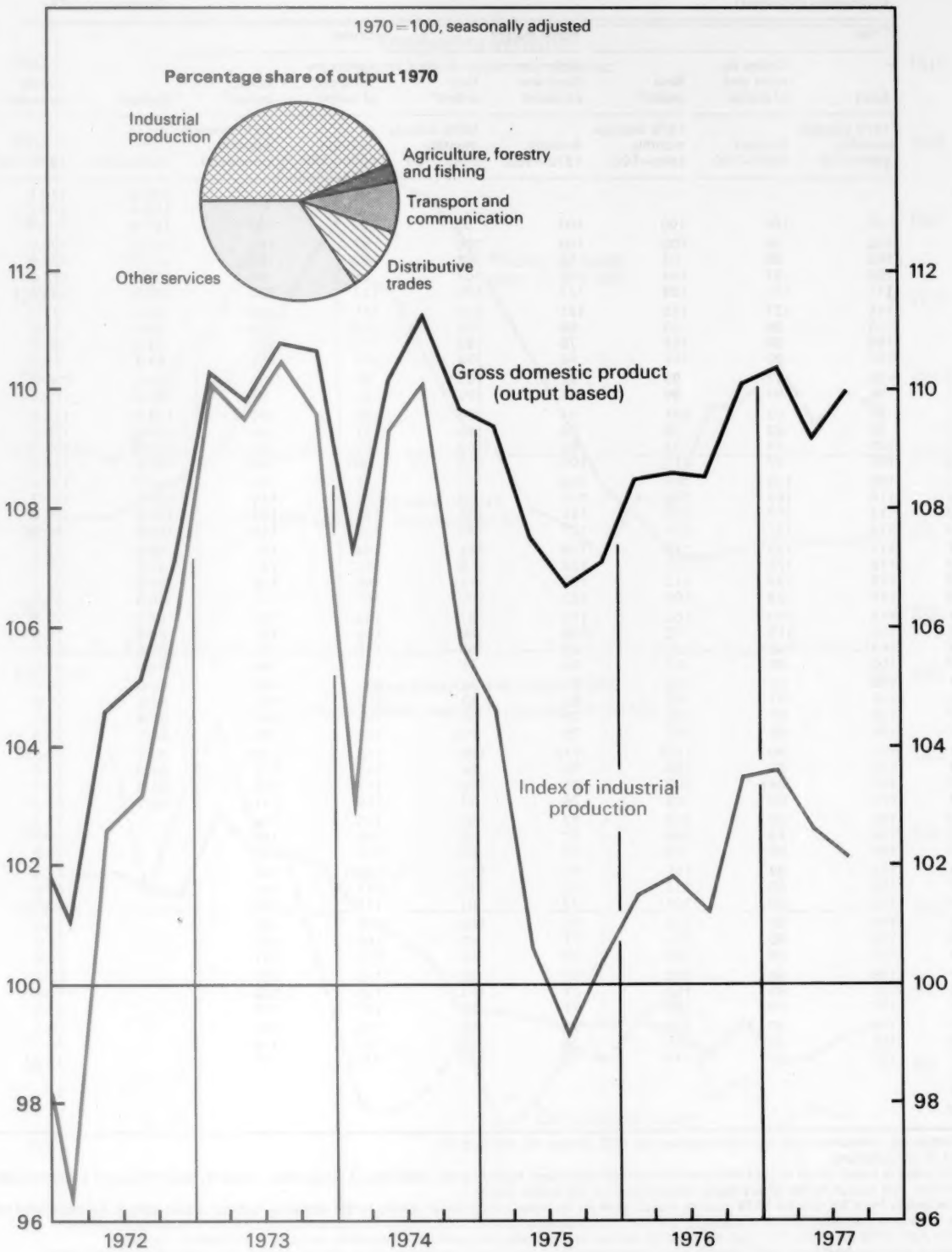
1970=100

	Gross domestic product (based on output data)[1,2] §	Agriculture, forestry and fishing	Industrial production[1] §	Transport and communication	Distributive trades	Other services
1970 weights	*1,000*	*30*	*439*	*84*	*104*	*343*
1966	90·9	91	90·6	88	92	92
1967	92·5	94	91·7	89	94	95
1968	96·4	94	97·2	92	97	96
1969	98·3	95	99·9	96	98	97
1970	100·0	100	100·0	100	100	100
1971	101·5	106	100·1	101	101	103
1972	104·4	108	102·0	106	107	106
1973	110·4	111	109·9	114	114	109
1974	109·6	116	107·0	114	113	110
1975	107·7	111	101·2	115	110	113
1976	108·9	101	102·0	116	111	116
1971 *3*	101·8	108	99·9	102	102	104
4	102·5	108	100·2	104	103	105
1972 *1*	101·0	109	96·3	102	104	105
2	104·6	108	102·6	105	106	106
3	105·1	108	103·2	106	108	106
4	107·1	108	106·0	109	111	107
1973 *1*	110·3	109	110·1	112	115	109
2	109·8	109	109·5	114	112	108
3	110·8	113	110·5	115	114	109
4	110·7	114	109·6	116	115	109
1974 *1*	107·3	115	102·9	113	113	109
2	110·2	115	109·3	114	110	110
3	111·3	116	110·1	115	115	111
4	109·7	117	105·8	115	114	111
1975 *1*	109·4	115	104·6	116	114	112
2	107·5	112	100·6	115	111	113
3	106·7	109	99·1	115	108	114
4	107·1	106	100·4	113	108	114
1976 *1*	108·5	104	101·5	115	111	115
2	108·6	103	101·8	115	110	116
3	108·5	100	101·2	116	113	116
4	110·1	97	103·5	118	112	117
1977 *1*	110·4	99	103·6	121	110	118
2	109·2	103	102·6	120	108	116
3	110·0	110	102·1	121	111	117
4						
	Percentage change, quarter on corresponding quarter of previous year					
1975 *1*	*+2·0*	*+ 0·4*	*+1·7*	*+ 2·3*	*+0·8*	*+2·7*
2	*−2·5*	*− 2·3*	*−8·0*	*+ 1·0*	*+0·7*	*+2·7*
3	*−4·2*	*− 5·9*	*−9·9*	*− 0·5*	*−5·6*	*+2·9*
4	*−2·4*	*− 9·5*	*−5·1*	*− 1·3*	*−5·3*	*+2·3*
1976 *1*	*−0·8*	*− 9·3*	*−3·0*	*− 0·2*	*−2·4*	*+2·9*
2	*+1·0*	*− 7·8*	*+1·2*	*− 0·4*	*−0·9*	*+2·5*
3	*+1·7*	*− 7·9*	*+2·0*	*+ 1·0*	*+4·1*	*+1·6*
4	*+2·8*	*− 8·6*	*+3·1*	*+ 4·2*	*+3·8*	*+2·7*
1977 *1*	*+1·8*	*− 5·0*	*+2·1*	*+ 4·6*	*−0·6*	*+1·9*
2	*+0·6*	*− 0·9*	*+0·8*	*+ 4·4*	*−2·1*	*+0·3*
3	*+1·4*	*+ 9·7*	*+1·0*	*+ 4·0*	*−1·0*	*+1·4*
4						

[1] As from 1970 the figures are adjusted to allow for the use of delivery rather than production indicators to represent output in certain industries within manufacturing. An analysis of industrial production is given on page 26, but will differ from the series shown here because the adjustment included is not available monthly. There may also be differences because page 26 includes the latest information.

[2] Total output other than exploration for, and extraction of, petroleum and natural gas (MLH 104) is as follows:

1976	*1*	108·4	1977	*1*	110·0
	2	108·4		*2*	108·8
	3	108·3		*3*	109·6
	4	109·8			

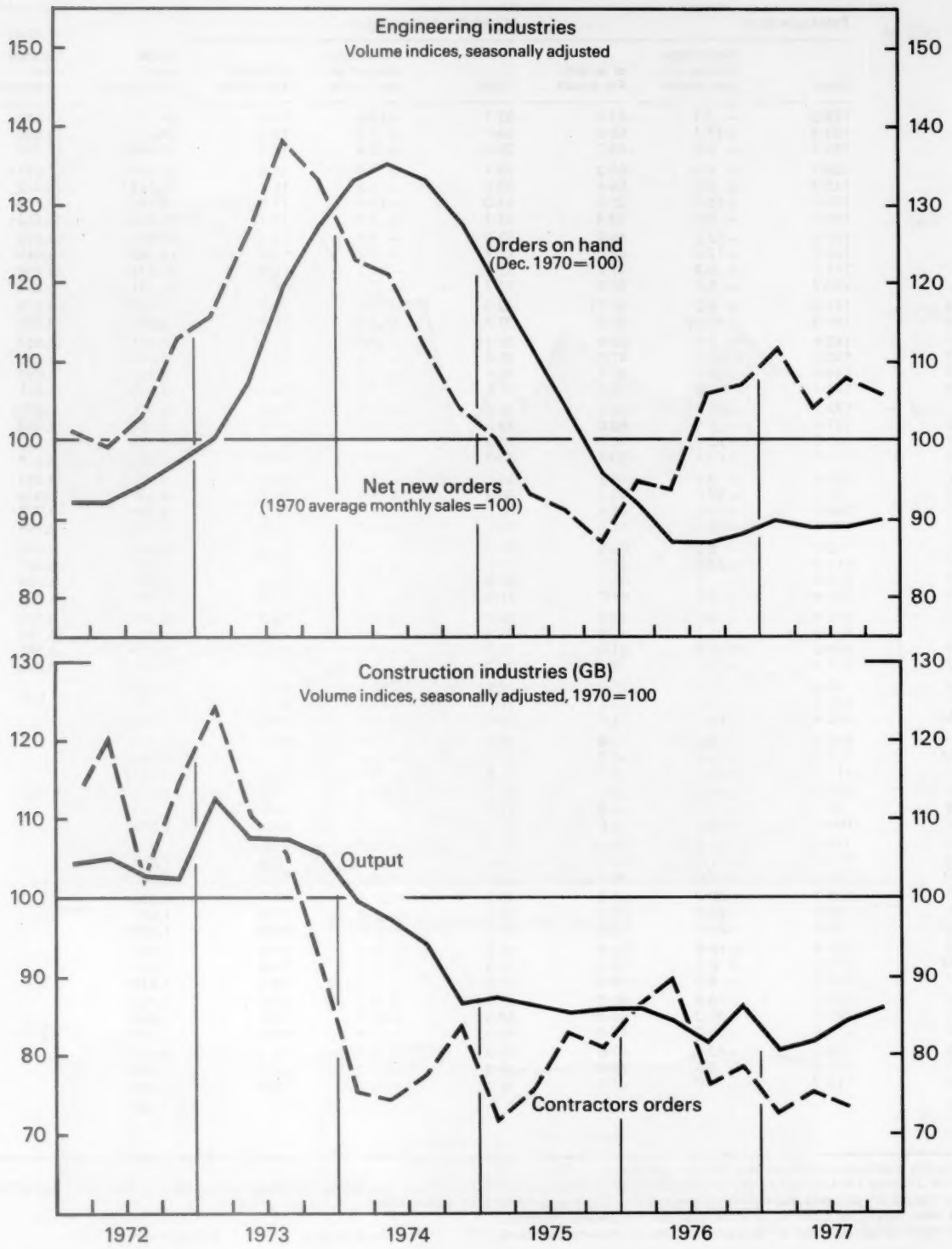

1970 = 100, seasonally adjusted
Percentage share of output 1970
Industrial production
Agriculture, forestry and fishing
Transport and communication
Distributive trades
Other services
Gross domestic product (output based)
Index of industrial production
112
110
108
106
104
102
100
98
96
1972
1973
1974
1975
1976
1977

Engineering and construction: output and orders

Seasonally adjusted volume index numbers

	Engineering industries[1]							Construction (GB)	
	Total			Home market		Export			
	Sales	Orders on hand end of period	New orders[2]	Orders on hand end of period	New orders[2]	Orders on hand end of period	New orders[2]	Output[3]	Orders received[4,5]
	1970 average monthly sales=100	Average 1970=100	1970 average monthly sales=100	Average 1970=100	1970 average monthly sales=100	Average 1970=100	1970 average monthly sales=100	1970=100	1970=100
1967	..	..	..	..	..	..	..	100·3	118·1
1968	..	..	..	..	..	..	..	102·4	108·7
1969	97	101	100	102	99	100	102	101·9	102·6
1970	100	99	100	100	100	97	101	100·0	100·0
1971	100	90	94	94	96	82	90	101·7†	106·9
1972	100	97	104	101	107	88	96	103·8	112·9
1973	111	127	129	127	129	127	128	108·5	108·2
1974	115	127	115	121	110	141	128	94·5	77·7
1975	110	96	93	89	89	112	103	86·3	77·8
1976	105	88	101	76	93	114†	122	84·6	82·9
1977	106	90	107	78	99	119	129	83·3[7]	76·0[7]
1971 *3*	99	91	99	93	102	88	89	101·1	104·5
4	98	90	96	94	100	82	84	103·4	110·6
1972 *1*	96	92	101	94	100	88	104	104·5	114·6
2	99	92	99	94	103	87	90	105·2	120·2
3	100	94	103	96	109	87	88	102·9	102·0
4	105	97	113	101	116	88	103	102·5	114·9
1973 *1*	108	100	116	104	120	91	106	112·7	124·5
2	110	107	126	110	126	101	128	107·8	110·7
3	113	119	138	121	138	115	138	107·6	106·0
4	114	127	133	127	130	128	140	105·9	91·6
1974 *1*	111	133	123	128	113	144	151	99·8	75·2
2	115	135	121	128	113	152	142	97·2	74·3
3	118	133	112	127	115	146	105	94·2	77·5
4	116	128	104	122	100	141	113	86·9	83·9
1975 *1*	118	120	100	113	97	134	107	87·3	71·6
2	110	112	93	105	88	128	107	86·5	75·5
3	109	104	91	98	90	119	94	85·5	82·9
4	106	96	87	89	81	112	104	85·9	81·0
1976 *1*	104	92	95	85	91	106	105	86·0	86·4
2	106	87	94	80	89	102	109	84·4	90·6
3	106	87	106	79	98	106	128	81·8	76·1
4	105	88	107	76	92†	114†	146	86·1	78·4
1977 *1*	107	90	112†	77†	105	118	131†	80·7	72·8
2	106	89	104	76	94	119	132	81·9	75·5
3	107	89†	108	77	102	117	123	84·5	74·4
4	104	90	106	78	97	119	131	86·1[7]	81·3[7]
1976 *O*	109	88	113	77	97	110	154	..	73·3
N	104	88	109	77	92	115	156	..	84·7
D	103	88	99	76	89	114	127	..	77·2
1977 *J*	112	89	121	77	112	117	144	..	77·3
F	109	90	113	78	111	117	120	..	62·9
M	101	90	101	77	91	118	128	..	78·2
A	108	90	110	78	102	118	133	..	70·8
M	102	90	101	77	90	119	132	..	73·0
J	108	89	100	76	89	119	131	..	82·6
J	109	88	102	75	92	118	127		62·6
A	106	90	117	77	114	118	124		73·0
S	107	89	105	77	100	117	118		87·5
O[6]	109	89	108	76	100	118	129		68·3
N	101	89	97	76	89	117	116		82·7[7]
D	103	90	115	78	102	119	147		92·9[7]
1978 *J*									
F									
M									

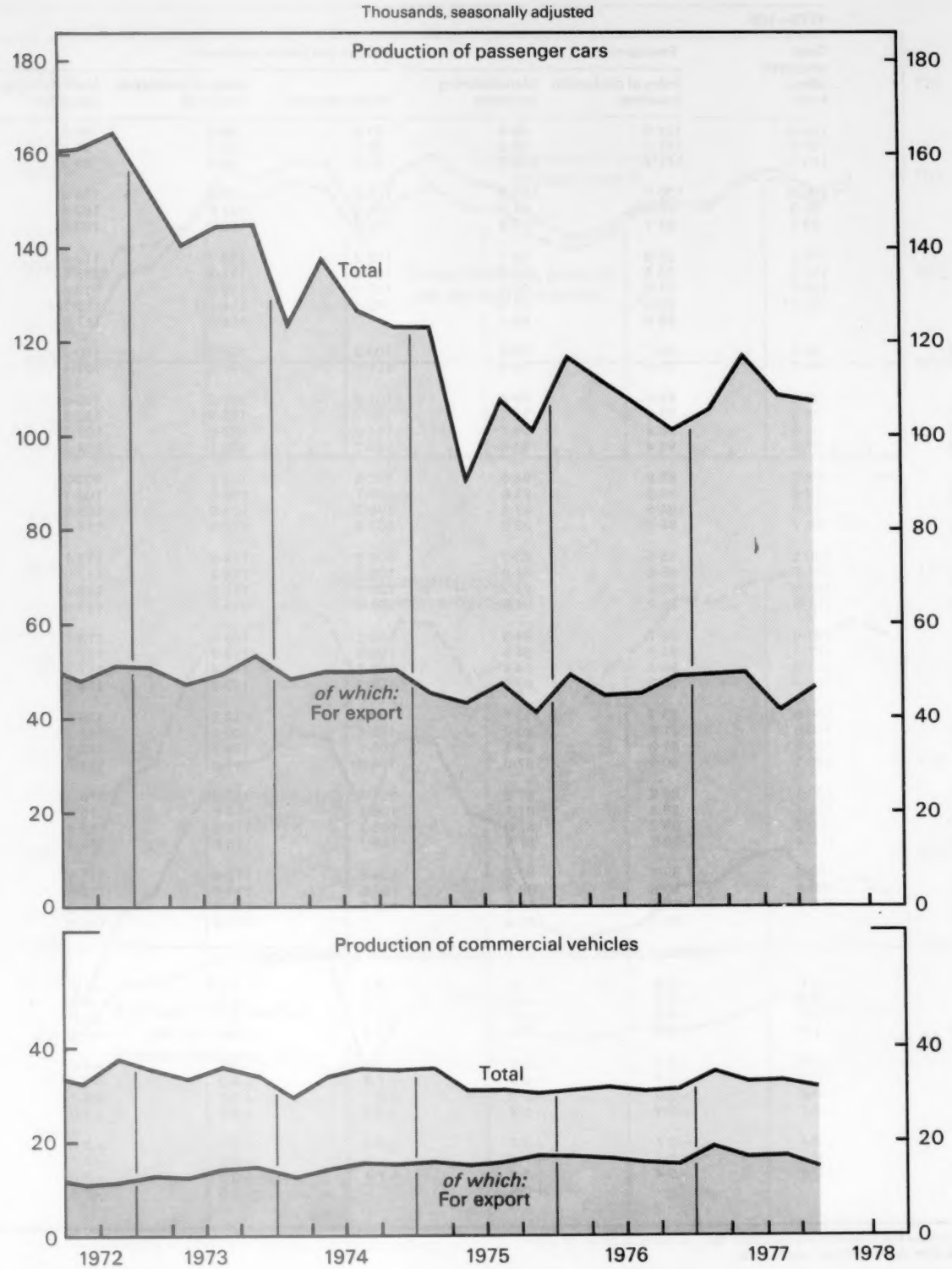
[1] Mechanical, instrument and electrical engineering (SIC Orders VII, VIII and IX).
[2] Net of cancellations.
[3] This index is based on an output series which includes repair and maintenance estimates of unrecorded output by small firms and self-employed workers and output by the direct labour departments of the public sector.
[4] New orders from 3rd quarter 1974 include orders received by firms, mostly small, added to the statistical register in that period. An allowance has been made in the index calculation for this small element of discontinuity.
[5] From April 1976 the index has been adjusted to remove the estimated discontinuity caused by revision to estimation methods.
[6] Output series revised from 1970. Details of the new method of deflation to constant prices will be given in *Economic Trends*, May 1978.
[7] Provisional.


Engineering industries
Volume indices, seasonally adjusted
Orders on hand
(Dec. 1970=100)
Net new orders
(1970 average monthly sales=100)
150
140
130
120
110
100
90
80
Construction industries (GB)
Volume indices, seasonally adjusted, 1970=100
Output
Contractors orders
130
120
110
100
90
80
70
1972
1973
1974
1975
1976
1977

Motor vehicle production and steel production and consumption

	Seasonally adjusted							
	Thousands[1]						Thousand tonnes	
	Passenger cars§			Commercial vehicles§				
	Total	*Percentage change on year earlier*	*of which:* For export	Total	*Percentage change on year earlier*	*of which:* For export	Crude steel production[2,3]	Finished steel consumption
1967	129·3	*− 3·2*	47·0	32·1	*−12·2*	11·6	24,279	15,840
1968	151·3	*+17·1*	66·9	34·1	*+ 6·3*	12·5	26,277	16,835
1969	143·1	*− 5·5*	68·7	38·8	*+13·8*	16·1	26,846	17,782
1970	136·7	*− 4·4*	60·2	38·1	*− 1·8*	15·8	27,780[4]	17,637[4]
1971	145·2	*+ 6·2*	59·5	38·0	*− 0·3*	15·7	24,174	16,722
1972	160·1	*+10·3*	51·1	34·0	*−10·6*	11·3	25,321	16,750
1973	145·6	*− 9·1*	50·4	34·7	*+ 2·1*	13·3	26,649	18,445
1974	127·8	*−12·2*	49·7	33·5	*− 3·4*	14·2	22,323	17,548
1975	105·6	*−17·4*	44·3	31·7	*− 5·4*	15·5	19,789[4]	15,446[4]
1976	111·1	*+ 5·2*	47·1	31·0	*− 2·3*	15·8	22,274	15,80[illegible]
1977	109·7	*− 1·3*	46·9	33·2	*+ 7·0*		20,411	15.375[7]
1972 *3*	161·3†	*+ 9·2*	48·1†	32·3	*−17·7*	10·7	6,732	4,275
4	164·3	*+10·9†*	51·2	37·5	*+ 5·0*	11·6	6,875	4,499
1973 *1*	152·4	*− 1·3*	50·8	35·4†	*+ 9·9†*	12·5†	6,671	4,667
2	140·5	*−12·4*	47·7	33·6	*− 1·2*	12·1	6,415	4,368
3	144·6	*−10·3*	49·7	35·9	*+11·0*	14·1	6,954	4,599
4	145·1	*−11·7*	53·5	34·0	*− 9·4*	14·4	6,649	4,811
1974 *1*	123·2	*−19·1*	48·2	29·2	*−17·5*	12·3	5,218	4,357
2	137·9	*− 1·9*	50·0	33·9	*+ 0·9*	14·0	5,784	4,560
3	126·8	*−12·4*	50·0	35·8	*− 0·1*	15·6	5,763	4,252
4	123·5	*−14·9*	50·5	35·3	*+ 3·7*	14·9	5,599	4,379
1975 *1*	123·4	*+ 0·2*	45·5	35·6	*+22·2*	15·8	6,102	4,267
2	90·1	*−34·7*	43·4	30·6	*− 9·9*	14·7	4,661	3,695
3	108·0	*−14·8*	47·5	30·6	*−14·7*	15·2	4,231[5]	3,715[5]
4	101·1	*−18·1*	41·0	30·1	*−14·6*	16·5	4,719	3,769
1976 *1*	116·6	*− 5·5*	49·3	30·7	*−13·9*	16·3	5,480	4,076
2	111·4	*+23·6*	44·7	31·6	*+ 3·3*	16·1	5,731	3,887
3	106·4	*− 1·5*	45·3	30·5	*− 0·2*	15·6	5,375	3,785
4	101·4	*+ 8·9*	49·0	31·2	*+ 3·7*	15·6	5,650	4,056
1977 *1*	105·4	*− 9·7*	49·3	34·7	*+13·2*	18·6	5,417	3,750
2	116·9	*+ 5·0*	49·9	32·4	*+ 2·5*	16·3	4,908	3,764
3	108·8	*+ 2·3*	41·9	33·9	*+11·0*	16·5	5,419	3,981
4	107·5	*− 2·3*	46·5	31·8	*+ 1·7*	14·3	4,641	3,880[7]
1976 *J*	98·9	*−21·5*	42·8	28·8	*−22·5*	15·9	1,575	..
F	127·7	*− 4·8*	53·2	31·6	*−13·9*	16·5	1,731	..
M	123·4	*+12·0*	51·9	31·6	*− 4·0*	16·3	2,174[6]	..
A	102·7	*− 8·6*	41·4	30·6	*− 7·8*	15·7	1,764	..
M	114·2	*+78·0*	46·5	32·6	*+10·5*	16·6	1,840	..
J	117·3	*+25·1*	46·3	31·6	*+ 8·5*	16·0	2,127[6]	..
J	131·0	*+29·0*	51·0	32·8	*+11·8*	16·2	1,700	..
A	84·5	*−14·8*	41·5	27·3	*− 9·3*	14·5	1,603	..
S	104·0	*−15·8*	43·5	31·4	*− 2·7*	16·1	2,072[6]	..
O	115·0	*+21·2*	48·0	31·6	*+ 3·0*	16·1	1,718	..
N	113·6	*+11·3*	50·3	33·6	*+13·7*	16·2	1,849	..
D	101·4	*− 4·5*	48·6	28·5	*− 5·4*	13·2	2,083[6]	
1977 *J*	120·7	*+22·0*	57·6	36·7	*+27·3*	19·1	1,803	..
F	98·6	*−22·8*	47·1	33·3	*+ 5·4*	17·9	1,631	..
M	96·9	*−21·5*	43·2	34·2	*+ 8·2*	18·6	1,983[6]	..
A	121·5	*+18·4*	51·6	32·2	*+ 5·2*	17·5	1,453	..
M	121·6	*+ 6·5*	53·0	35·9	*+ 9·9*	17·8	1,536	..
J	107·6	*− 8·3*	45·0	29·2	*− 7·7*	13·5	1,919[6]	..
J	105·3	*−19·5*	40·7	33·4	*+ 1·8*	16·6	1,703	..
A	101·6	*+20·2*	35·7	34·3	*+25·7*	16·7	1,996[6]	..
S	119·6	*+15·0*	49·4	33·9	*+ 7·9*	16·1	1,720	..
O	103·0	*−10·5*	47·6	33·3	*+ 5·3*	15·2	1,506	..
N	103·9	*− 8·5*	46·0	29·9	*−11·0*	12·8	1,846[6]	..
D	115·7	*+14·0*	45·9	32·1	*+12·7*	15·0	1,289	..
1978 *J*							1,330	..
F								
M								

[1] Monthly averages or standardised calendar months.
[2] From January 1974 the totals are for 'useable steel' in accordance with the system used by the EEC and the International Iron and Steel Institute.
[3] The seasonally adjusted quarterly figures are not constrained to sum to the annual totals.
[4] 53-week period; reduced to 52-week basis for comparison purposes.
[5] 14-week period; reduced to 13-week basis for comparison purposes. [6] Five-week periods. [7] Provisional


Thousands, seasonally adjusted
Production of passenger cars
180
160
140
120
100
80
60
40
20
0
Total
of which:
For export
Production of commercial vehicles
40
20
0
Total
of which:
For export
1972
1973
1974
1975
1976
1977
1978

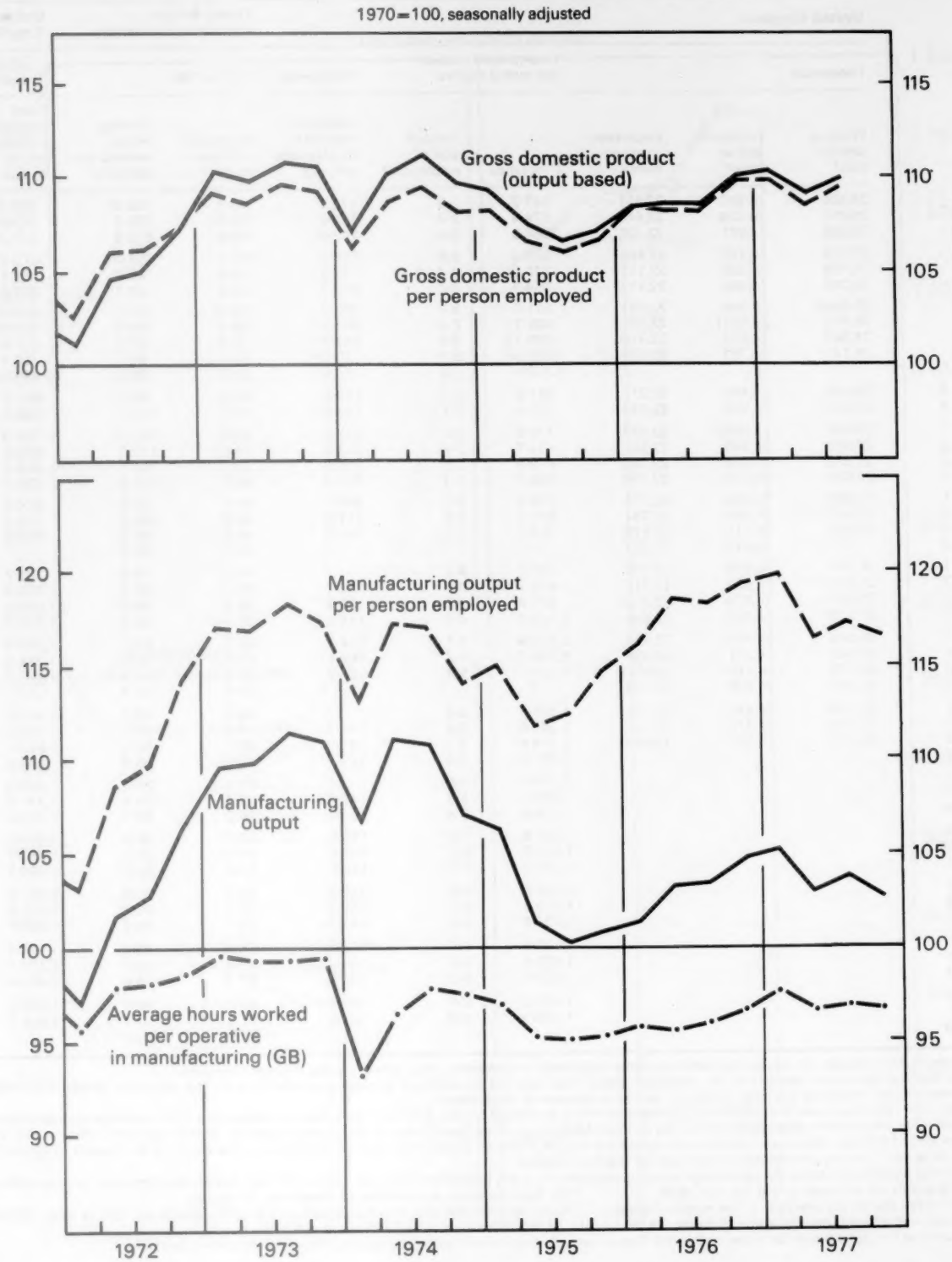
Output per person employed

Seasonally adjusted

1970=100

	Total employed labour force	Employment		Output per person employed[1]		
		Index of production industries	Manufacturing industries	Whole economy	Index of production industries	Manufacturing industries
1967	100·9	101·9	99·6	91·6	90·0	90·2
1968	100·5	101·6	99·0	95·9	95·7	97·0
1969	100·4	101·4	100·3	97·9	98·5	99·3
1970	100·0	100·0	100·0	100·0	100·0	100·0
1971	98·3	96·9	96·7	103·3	103·5	102·8
1972	99·0	94·7	93·6	105·5	108·2	109·0
1973	101·1	95·8	94·1	109·2	114·7	117·4
1974	101·3	95·5	94·3	108·2	111·9	115·5
1975	100·7	91·5	90·1	107·0	110·9	113·4
1976	100·2[2]	89·3[2]	87·3[2]	108·7[2]	114·2[2]†	118·1[2]†
1977		89·5	88·1		114·3	117·6
1970 *3*	99·9	99·7	99·8	100·5	100·5	100·2
4	99·7	99·0	99·4	101·0	101·6	101·4
1971 *1*	98·6	98·4	98·6	101·6	101·5	100·6
2	98·6	97·4	97·3	102·7	103·5†	102·9
3	97·9	96·4	96·1	104·0	103·9	103·3
4	97·9	95·4	94·9	104·7	105·1	104·3
1972 *1*	98·5	94·8	94·0	102·5	102·3	103·2
2	98·6	94·6	93·6	106·1	108·9	108·7
3	99·0	94·5	93·5	106·2	109·6	109·9
4	99·7	94·8	93·3	107·4	112·1	114·4
1973 *1*	100·9	95·5	93·7	109·3	114·9	117·1
2	101·0	95·8	94·0	108·7	114·3	117·0
3	101·1	95·9	94·2	109·6	115·3	118·4
4	101·2	95·9	94·5	109·4	114·5	117·5
1974 *1*	101·0	95·7	94·3	106·2	108·7	113·1
2	101·3	95·6	94·5	108·8	113·9	117·5
3	101·6	95·3	94·5	109·5	114·4	117·2
4	101·4	95·3	93·8	108·2	110·8	114·1
1975 *1*	100·9	93·2	92·5	108·4	112·3	115·1
2	100·8	91·8	90·7	106·6	109·9	111·7
3	100·6	91·0	89·1	106·1	109·7	112·5
4	100·3	90·0	87·9	106·8†	111·8	114·8
1976 *1*	100·1	89·6	87·3	108·4	112·9†	116·2†
2	100·1	89·3	87·1	108·5	114·6	118·5
3[2]	100·2	89·2	87·3	108·3	113·8	118·4
4	100·4	89·2	87·5	109·7	115·5	119·4
1977 *1*	100·5	89·5	87·9	109·9	115·4	119·8
2	100·6	89·8	88·3	108·5	113·6	116·5
3	100·5	89·6	88·3	109·5	114·4	117·3
4		89·2	87·9		113·8	116·6
	Percentage change, quarter on corresponding quarter of previous year					
1975 *1*	*−0·1*	*−2·6*	*−1·9*	*+2·1*	*+3·3*†	*+1·8*
2	*−0·5*	*−4·0*	*−4·0*	*−2·0*	*−3·5*	*−4·9*
3	*−1·0*	*−4·5*	*−5·7*	*−3·1*	*−4·1*	*−4·0*
4	*−1·0*	*−5·6*	*−6·3*	*−1·8*	*+0·9*	*+0·6*
1976 *1*	*−0·8*	*−3·9*	*−5·6*	—	*+0·5*	*+1·0*
2	*−0·7*	*−2·7*	*−4·0*	*+1·8*	*+4·3*	*+6·1*
3	*−0·4*	*−2·0*	*−2·0*	*+2·1*	*+3·7*	*+5·2*
4	*+0·1*	*−0·9*	*−0·5*	*+3·3*	*+3·3*	*+4·0*
1977 *1*	*+0·4*	*−0·1*	*+0·7*	*+1·4*	*+2·2*	*+3·1*
2	*+0·5*	*+0·6*	*+1·4*	—	*−0·9*	*−1·7*
3	*+0·3*	*+0·4*	*+0·9*	*+1·1*	*+0·5*	*−0·9*
4		—	*+0·5*		*−1·5*	*−2·3*

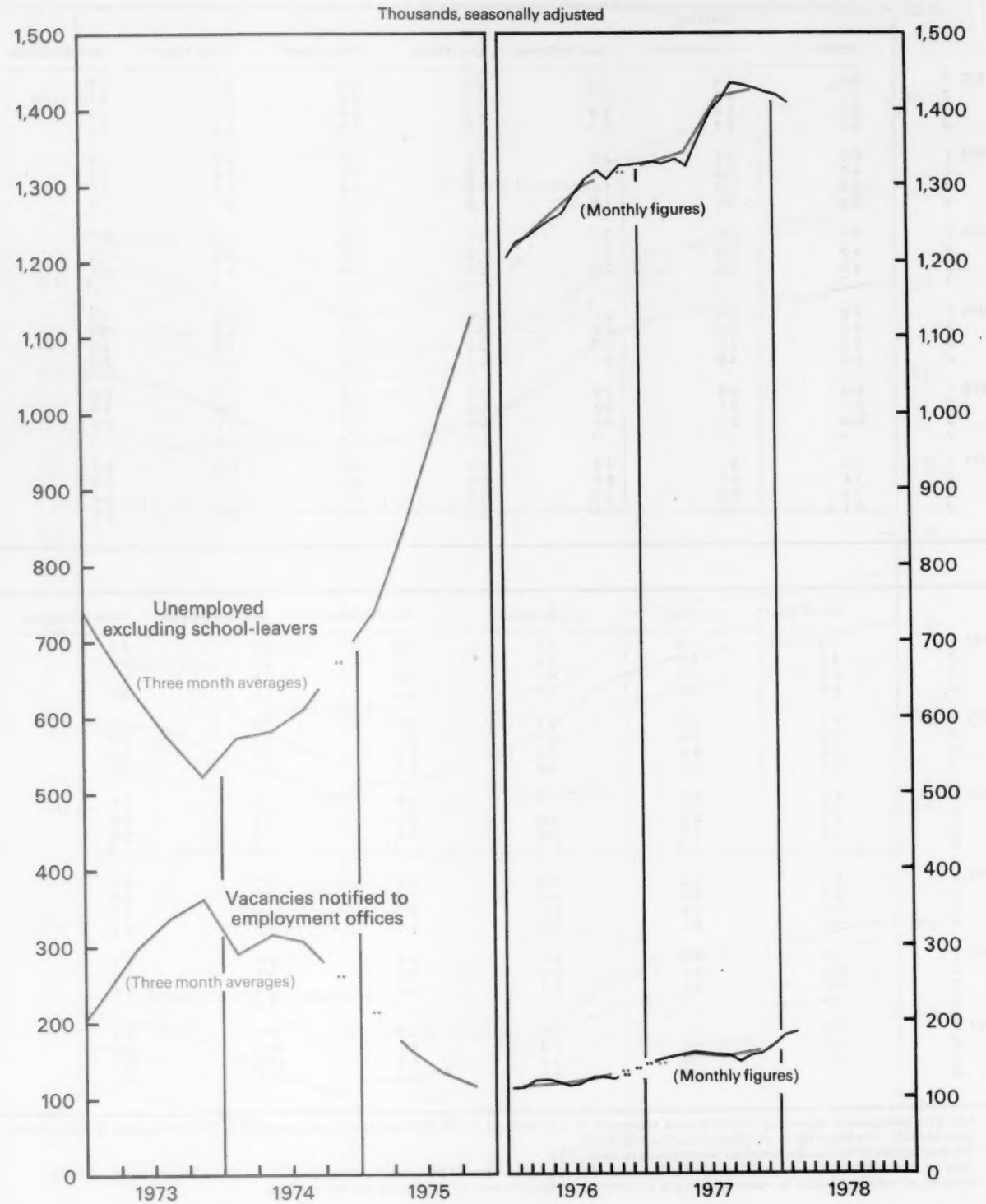
[1] The ratios do not take into account part-time working or hours of work.
[2] Figures after June 1976 are provisional.


1970=100, seasonally adjusted
115
110
105
100
Gross domestic product
(output based)
Gross domestic product
per person employed
120
115
110
105
100
95
90
Manufacturing output
per person employed
Manufacturing
output
Average hours worked
per operative
in manufacturing (GB)
1972
1973
1974
1975
1976
1977

National employment and unemployment[1]

	Seasonally adjusted								Unadjusted
	United Kingdom						Great Britain Manufacturing industry		United Kingdom
	Thousands			Unemployed excluding school leavers		Thousands	1970=100		Thousands
	Working population[2]	Employed labour force[2]	Employees in employment[2,3]	Thousands	Percentage of employees[4]	Vacancies notified to employment offices§	Employees in employment[2,3]	Average hours worked per operative	Total unemployed including school leavers
1967	25,526	24,980	22,801	547·2	*2·3*	175·1	99·9	102·0†	556·7
1968	25,412	24,826	22,640	574·4	*2·4*	189·5	99·0	102·7	583·3
1969	25,406	24,841	22,608	566·3	*2·4*	202·0	100·3	102·8	576·2
1970	25,336	24,732	22,458	602·0	*2·6*	188·3	100·2	100·0	612·2
1971	25,166	24,390	22,113	775·8	*3·4*	130·9	96·8	99·9	792·1
1972	25,243	24,384	22,114	854·9	*3·7*	147·3	93·4	99·4	875·6
1973	25,600†	24,969	22,661	611·0	*2·6*	307·0	94·0†	101·2	618·8
1974	25,657	25,061†	22,791†	599·7[5]	*2·6*[5]	301·6[5]	94·6	98·5	614·9[5]
1975	25,849	24,932	22,710	929·1†	*3·9*	148·1[5]	90·0	97·3	977·6
1976	26,141	24,761	22,539	1,269·9[5]	*5·3*[5]	120·0[6]	87·1	97·7	1,358·8[5]
1977				1,378·1	*5·8*	155·6[5]	88·4	98·6	1,483·6
1972 *3*	25,348	24,496	22,211	841·0	*3·7*	149·2	93·3	99·9†	851·7
4	25,432†	24,658	22,363	789·4	*3·4*	178·5	93·2	100·6	804·4
1973 *1*	25,639	24,959†	22,657	705·6	*3·0*	233·5	93·9	101·3	758·9
2	25,600	24,969	22,661	634·7	*2·7*	296·5	94·0†	100·9	625·7
3	25,538	25,004	22,704	578·8	*2·5*	336·0	94·0	101·1	568·5
4	25,539	25,029	22,738	524·7	*2·3*	360·7	94·7	101·5	521·9
1974 *1*	25,580	24,984	22,704	574·5	*2·5*	292·6	94·2	94·6	624·9
2	25,657	25,061	22,791	581·6	*2·5*	317·9	94·6	100·2	570·2
3	25,755	25,141	22,879	613·0	*2·6*	308·2	94·3	99·7	628·3
4	..[7]	25,075	22,827	..[7]	..[7]	..[7]	93·3	99·3	..[7]
1975 *1*	25,757	24,965	22,732	735·2	*3·1*	..[7]	92·0	98·5	788·7
2	25,849	24,932	22,710	858·5	*3·6*	163·0	90·0	96·9	853·8
3	25,977[8]	24,879	22,653[8]	994·6	*4·2*	133·8	88·6[8]	96·9	1,095·5
4	26,023	24,820	22,595	1,128·2	*4·8*	115·5	87·7	96·9	1,172·3
1976 *1*	26,043	24,758	22,535	1,219·9	*5·1*	114·7	87·1	97·2	1,297·5
2	26,141	24,761	22,539	1,260·7	*5·3*	118·1	87·1	97·5	1,294·9
3	26,175	24,775	22,551†	1,300·1	*5·4*	125·0	87·3	97·8	1,473·7
4	26,201	24,826	22,606	..[9]	..[9]	..[7]	87·6	98·2	..[9]
1977 *1*	26,236	24,848	22,632	1,329·5	*5·6*	..[7]	88·0	99·2	1,417·8
2	26,373	24,874	22,661	1,340·6	*5·6*	157·7	88·4	98·6	1,394·7
3	26,412	24,863	22,649	1,414·6	*5·9*	151·9	88·1	98·5	1,622·4
4				1,427·8	*6·0*	160·1	87·9	98·3	1,499·4
1977 *J*	..	..	..	1,329·9	*5·6*	..[7]	87·7	99·0	1,448·2
F	..	..	..	1,330·0	*5·6*	148·8	87·9	99·4	1,421·8
M	..	..	..	1,328·5	*5·6*	154·0	88·0	99·1	1,383·5
A	..	..	..	1,333·8	*5·6*	155·5	88·2	98·5	1,392·3
M	..	..	..	1,323·8	*5·5*	159·4	88·3	98·7	1,341·7
J	..	..	..	1,364·3	*5·7*	158·1	88·4	98·5	1,450·1
J	..	..	..	1,398·5	*5·9*	155·2	88·4	98·5	1,622·4
A	..	..	..	1,410·3	*5·9*	153·4	88·2	98·7	1,635·8
S	..	..	..	1,434·9	*6·0*	147·2	88·1	98·2	1,609·1
O				1,431·5	*6·0*	156·0	88·0	98·4	1,518·3
N	..	..	..	1,429·6	*6·0*	159·4	87·9	98·2	1,499·1
D	..	..	..	1,422·3	*6·0*	165·0	87·9	98·4	1,480·8
1978 *J*	..	..	..	1,419·2	*5·9*	180·3	87·9	98·9	1,548·5
F	..	..	..	1,409·0	*5·9*	187·0	..	..	1,508·7
M	..	..	..	..	..	..	..	..	..

[1] Unemployment figures do not include adult students registered for temporary employment during a current vacation.
[2] The working population consists of the employed labour force and the unemployed (including school-leavers); the employed labour force includes employers, self-employed and HM Forces as well as employees in employment.
[3] From 1971, the employees in employment estimates are based on annual census of employment. For the years before 1971 estimates are taken from the continuous employment series published in the October 1975 issue of the *Department of Employment Gazette*. Annual estimates relate to mid-year. From June 1976 the employee in employment figures for the UK which are provisional until the publication of the results of the Census of Employment for June 1977, include a constant component for Northern Ireland.
[4] The base used in calculating the percentage rate of unemployment is the appropriate mid-year estimate of total employees (employed and unemployed): the latest figure available is that for mid-1976.
[5] The figures shown are averages of eleven months figures.
[6] The figures shown are averages of ten months figures.
[7] Figure not available due to industrial action. For further details see note to page 129 of the *Department of Employment Gazette*, February 1975.
[8] Estimates after June 1976 are provisional.
[9] Because of industrial action by some staff in the Department of Employment group, figures for these months are not available.


Thousands, seasonally adjusted
1,500
1,400
1,300
1,200
1,100
1,000
900
800
700
600
500
400
300
200
100
0
Unemployed excluding school-leavers
(Three month averages)
Vacancies notified to employment offices
(Three month averages)
(Monthly figures)
(Monthly figures)
1973
1974
1975
1976
1977
1978

Regional unemployment rates[1]

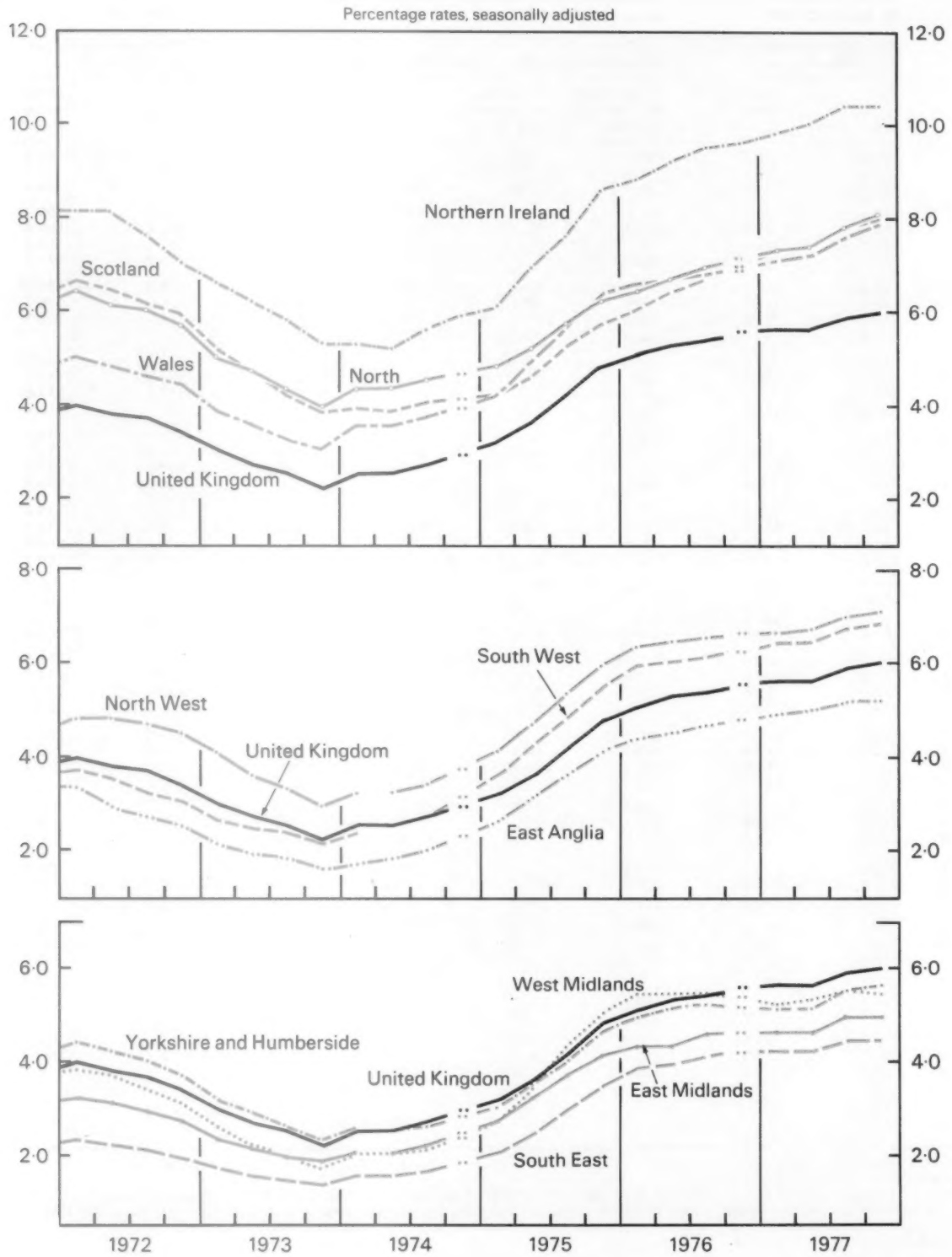
Seasonally adjusted

Per cent

	North[2]	Yorkshire and Humberside[2]	East Midlands[2]	East Anglia	South East[2]	South West[2]	West Midlands
1972 *1*	6·4	4·4	3·2	3·3	2·3	3·7	3·8
2	6·1	4·2	3·1	2·9	2·2	3·5	3·7
3	6·0	4·0	2·9	2·7	2·1	3·2	3·4
4	5·7	3·7	2·7	2·5	1·9	3·0	3·1
1973 *1*	5·0	3·2	2·3	2·1	1·7	2·6	2·6
2	4·7	2·9	2·1	1·9	1·5	2·4	2·2
3	4·3	2·6	1·9	1·8	1·4	2·3	2·0
4	3·9	2·3	1·8	1·6	1·3	2·1	1·7
1974 *1*	4·3	2·6	2·0	1·7	1·5	2·3	2·0
2	4·3	2·5	2·0	1·8	1·5	2·5	2·0
3	4·5	2·6	2·2	2·0	1·6	2·7	2·1
4	..[3]	..[3]	..[3]	..[3]	..[3]	..[3]	..[3]
1975 *1*	4·8	3·0	2·7	2·6	2·0	3·6	2·7
2	5·2	3·5	3·2	3·1	2·4	4·2	3·5
3	5·7	4·0	3·7	3·6	2·9	4·8	4·2
4	6·2	4·6	4·1	4·1	3·4	5·4	5·0
1976 *1*	6·4	4·9	4·3	4·4	3·8	5·8	5·4
2	6·7	5·1	4·3	4·5	3·9	6·0	5·4
3	6·9	5·2	4·6	4·7	4·1	6·1	5·4
4	..[4]	..[4]	..[4]	..[4]	..[4]	..[4]	..[4]
1977 *1*	7·3	5·1	4·6	4·9	4·2	6·4	5·2
2	7·4	5·1	4·6	5·0	4·2	6·4	5·3
3	7·8	5·5	4·9	5·2	4·4	6·7	5·5
4	8·1	5·6	4·9	5·2	4·4	6·8	5·4

	North West[2]	Wales	Scotland	Great Britain	Northern Ireland	United Kingdom
1972 *1*	4·8	5·0	6·6	3·9	8·1	4·0
2	4·8	4·8	6·4	3·7	8·1	3·8
3	4·7	4·6	6·1	3·6	7·6	3·7
4	4·5	4·4	5·9	3·4	7·0	3·4
1973 *1*	4·1	3·8	5·2	3·0	6·6	3·0
2	3·6	3·5	4·7	2·7	6·2	2·7
3	3·3	3·2	4·2	2·4	5·7	2·5
4	2·9	3·0	3·8	2·2	5·3	2·3
1974 *1*	3·2	3·5	3·9	2·4	5·3	2·5
2	3·2	3·5	3·8	2·4	5·2	2·5
3	3·4	3·7	3·9	2·6	5·6	2·6
4	..[3]	..[3]	..[3]	..[3]	5·9	..[3]
1975 *1*	4·1	4·2	4·2	3·1	6·1	3·1
2	4·7	4·9	4·6	3·6	6·9	3·6
3	5·3	5·6	5·2	4·1	7·6	4·2
4	5·9	6·3	5·7	4·7	8·6	4·8
1976 *1*	6·3	6·6	6·0	5·0	8·8	5·1
2	6·4	6·7	6·4	5·2	9·2	5·3
3	6·5	6·8	6·7	5·4	9·5	5·4
4	..[4]	..[4]	..[4]	..[4]	9·6	..[4]
1977 *1*	6·6	7·1	7·3	5·5	9·8	5·6
2	6·7	7·2	7·4	5·5	10·0	5·6
3	7·0	7·6	7·8	5·8	10·4	5·9
4	7·1	7·9	8·0	5·9	10·4	6·0

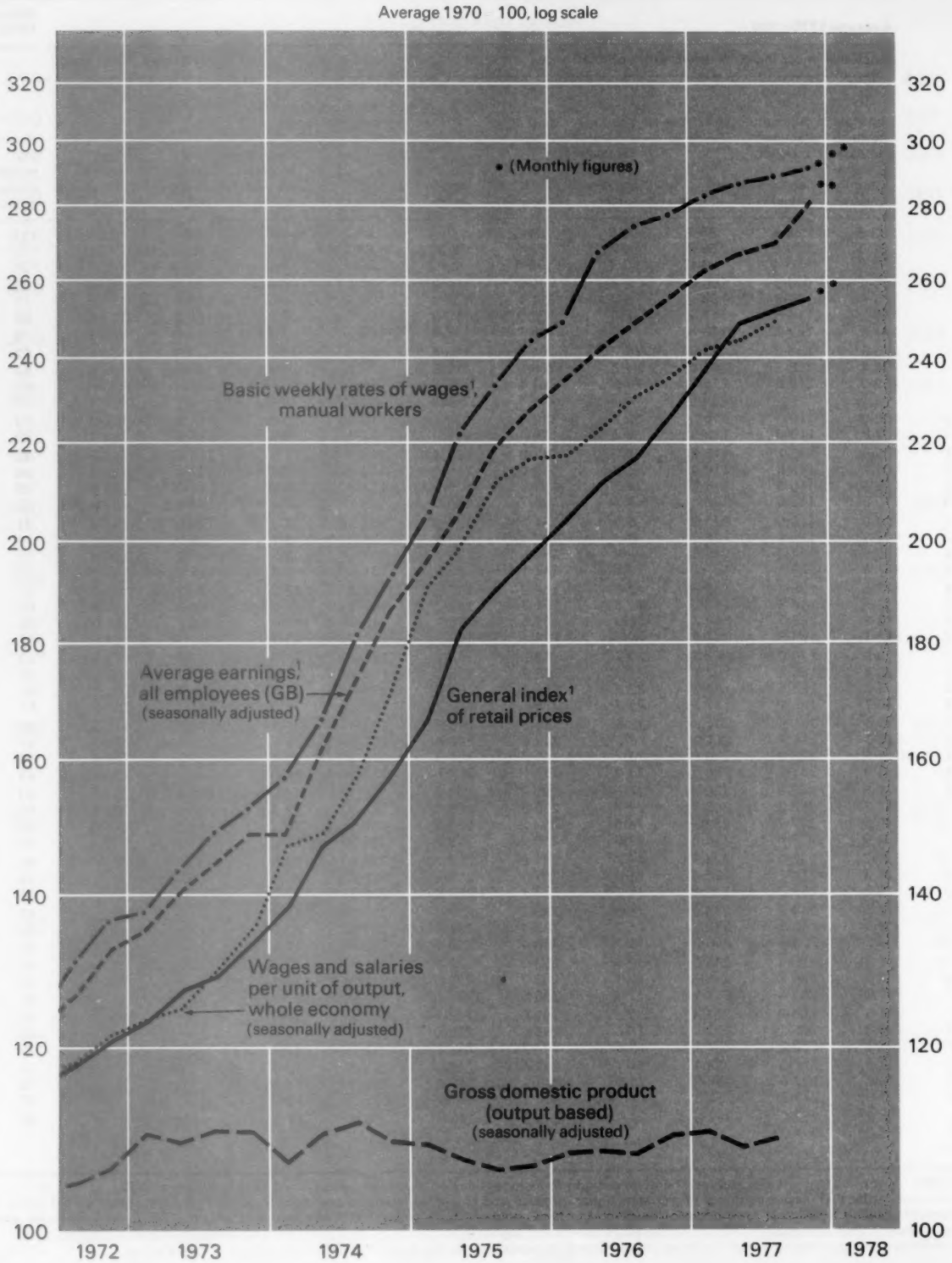
[1] Numbers unemployed excluding school-leavers expressed as a percentage of the appropriate mid-year estimate of total employees (employed and unemployed). The latest figure available is that for mid-1976.
[2] The boundaries of the standard regions were revised in April 1974.
[3] Figure not available due to industrial action. For further details see note on page 129 of the *Department of Employment Gazette*, February 1975.
[4] Because of industrial action by some staff in the Department of Employment group, figures are not available.


Percentage rates, seasonally adjusted
12·0
10·0
8·0
6·0
4·0
2·0
Northern Ireland
Scotland
Wales
North
United Kingdom
South West
North West
United Kingdom
East Anglia
West Midlands
Yorkshire and Humberside
United Kingdom
East Midlands
South East
1972
1973
1974
1975
1976
1977

Wage rates and earnings

		Unadjusted		Seasonally adjusted					
		31 July 1972=100[1]		January 1970=100				1970=100	
		Basic weekly wage rates (manual workers)		Average earnings (GB) (wages and salaries combined)				Wages and salaries per unit of output	
		All industries and services	Manufacturing industry	All industries and services covered§	*Percentage increase on year earlier*	Manufacturing industry	*Percentage increase on year earlier*	Whole economy	Manufacturing industry
1967		63·9	63·6	81·8	*3·6*	81·1	*3·6*	86·1	82·9
1968		68·1	68·4	88·2	*7·8*	87·8	*8·2*	88·2	83·1
1969		71·7	72·1	95·2	*7·8*	94·9	*8·1*	91·1	88·4
1970		78·8	79·4	106·7	*12·1*	107·0	*12·7*	100·0	100·0
1971		89·0	89·3	118·7	*11·3*	118·9	*11·2*	108·8	108·8
1972		101·3	101·5	134·1[2]	..[3]	134·2[2]	..[3]	118·3	113·4
1973		115·2	114·6	152·1	..[3]	151·5	..[3]	128·2	121·2
1974		138·0	134·3	179·1	*17·8*	177·5	*17·1*	156·4	150·0
1975		178·7	174·4	226·6	*26·6*	223·9	*26·2*	204·6	195·7
1976		213·2	209·0	261·9	*15·6*	260·8	*16·5*	226·5	221·1
1977		227·1	218·7	288·6	*10·2*	287·7	*10·3*		
1972	*1*	96·0	95·5	126·4[3]	..[3]	126·8[3]	..[3]	116·4	..[3]
	2	98·1	98·2	130·7	*11·6*	131·4	*11·9*	117·0	112·8
	3	103·4	104·6	134·9	*12·1*	135·7	*12·7*	118·1	114·6
	4	107·9	107·6	141·5	*15·5*	140·5	*14·4*	121·7	114·4
1973	*1*	108·7	108·1	144·4	..[3]	143·7	..[3]	123·4	114·7
	2	113·4	111·7	150·2	*14·9*	149·6	*13·8*	124·9	119·2
	3	118·1	117·8	154·5	*14·5*	153·6	*13·2*	129·6	122·3
	4	120·6	120·7	159·2	*12·5*	159·1	*13·3*	135·0	128·7
1974	*1*	124·3	122·7	157·8[4]	*9·2*[4]	157·4[4]	*9·5*[4]	147·6	133·8
	2	131·7	128·0	172·5	*14·9*	171·2	*14·5*	149·0	142·7
	3	143·2	139·4	185·1	*19·8*	183·9	*19·7*	157·1	154·1
	4	152·7	147·1	199·5	*25·3*	197·4	*24·1*	171·8	169·7
1975	*1*	162·7	155·1	209·6	*32·9*	207·5	*31·8*	190·9	179·0
	2	175·3	171·9	220·1	*27·6*	216·9	*26·7*	198·4	192·5
	3	184·3	180·5	234·0	*26·4*	230·6	*25·4*	212·3	202·9
	4	192·6	190·1	242·8	*21·7*	240·6	*21·9*	217·0	208·5
1976	*1*	204·2	201·5	250·9	*19·7*	249·1	*20·1*	217·3	214·3
	2	211·5	209·0	258·6	*17·5*	258·6	*19·2*	223·1	218·2
	3	217·8	212·5	265·5	*13·5*	264·4	*14·7*	230·7	224·1
	4	219·3	213·1	272·7	*12·3*	271·4	*12·8*	235·0	227·8
1977	*1*	223·3	215·7	280·2	*11·7*	278·5	*11·8*†	242·5	234·2
	2	225·9	217·9	285·2	*10·3*	284·5	*10·0*	244·2	243·6
	3	228·5	219·9	228·4	*8·7*	287·2	*8·6*	249·3	247·4
	4	230·8	221·2	300·4	*10·2*	300·4	*10·7*		
1976	*O*	218·2	212·7	269·0	*12·4*	268·4	*13·3*	..	225·0
	N	219·4	213·3	272·2	*12·9*	269·4	*12·8*	..	228·2
	D	220·2	213·3	277·1	*11·7*	276·3	*12·2*	..	230·2
1977	*J*	222·5	215·5	278·1	*12·0*	276·5	*12·3*	..	232·4
	F	223·5	215·7	278·7	*11·2*	277·4	*11·8*	..	233·3
	M	223·9	216·0	283·9	*11·6*	281·8	*11·5*	..	236·9
	A	224·7	216·8	283·1	*11·0*	282·8	*11·1*	..	239·7
	M	225·5	218·0	286·2	*10·2*	285·7	*10·0*	..	245·3
	J	227·4	218·9	286·2	*9·6*	285·0	*9·0*	..	245·7
	J	228·2	219·3	286·5	*8·9*	285·6	*8·9*	..	247·4
	A	228·6	220·0	288·7	*8·0*	287·1	*8·2*	..	245·7
	S	228·8	220·5	290·1	*9·0*	288·9	*8·8*	..	249·2
	O	229·2	220·6	294·6	*9·5*	293·7	*9·4*	..	253·7
	N	230·9	221·5	300·1	*10·3*	299·8	*11·3*	..	258·7
	D	232·4	221·5	306·6	*10·7*	307·6	*11·3*	..	
1978	*J*	234·4	223·4	306·0[5]	*10·1*[5]	307·4[5]	*11·2*[5]	..	
	F	235·1	223·4						
	M								

[1] Prior to July 1972 the series was based on 31 January 1956=100. Figures before July 1972 have therefore been linked.
[2] Average of 11 months. See footnote[3].
[3] In the absence of earnings data for February 1972 due to the effects of the coalmining dispute, no index of wages and salaries per unit of output or index of average earnings has been calculated for that month. The indices calculated for January and March 1972 are less reliable than usual.
[4] The figures reflect temporary reductions in earnings while three-day working and other restrictions were in operation.
[5] Provisional.



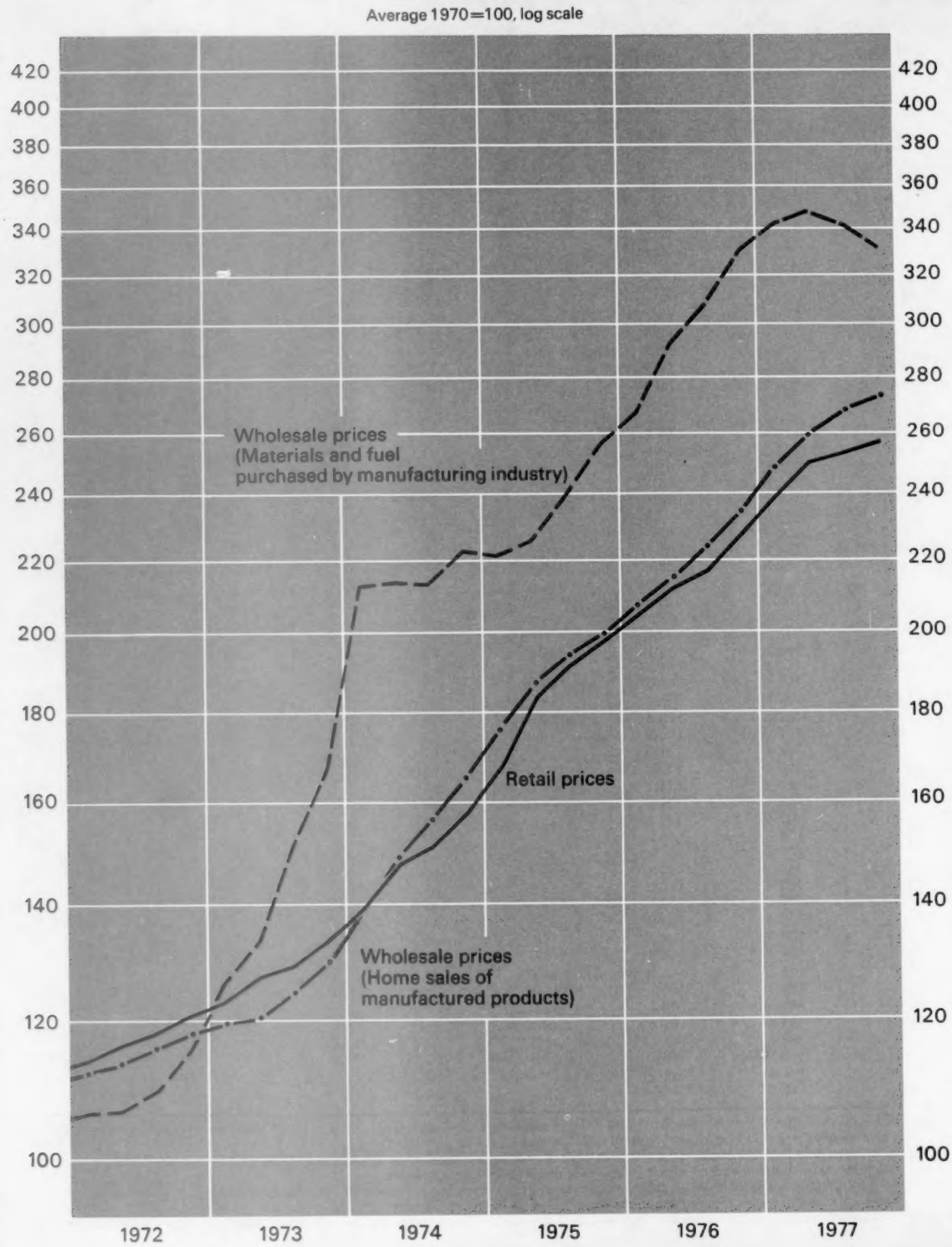
[1] Quarterly average of monthly figures.

Prices

Unadjusted

	Average 1970=100										Average 1970=100 p
	Wholesale prices index		General index of retail prices						Pensioner price index[1]		
	Materials and fuel purchased by manufacturing industry[2]	Output All manufactured products Home sales[3]	All items Index	*Percentage increase on year earlier*	Total food	Total non-food	All items other than seasonal food Index	*Percentage increase on year earlier*	One person household	Two person household	Purchasing power of the pound[4]
1967	83·8	86·5	85·2	*2·5*	84·6	85·4	85·2	*2·4*	84·9	85·0	117
1968	91·5	89·9	89·2	*4·7*	87·9	89·6	89·3	*4·8*	88·8	88·8	112
1969	95·0	93·4	94·0	*5·4*	93·5	94·2	93·9	*5·2*	93·5	93·7	106
1970	100·0	100·0	100·0	*6·4*	100·0	100·0	100·0	*6·5*	100·0	100·0	100
1971	104·6	109·0	109·4	*9·4*	111·1	108·9	109·5	*9·5*	110·1	109·9	91
1972	109·2	114·8	117·2	*7·1*	120·9	116·0	117·0	*6·9*	118·5	118·0	85
1973	144·5	123·2	128·0	*9·2*	139·1	124·4	126·7	*8·3*	130·0	130·1	78
1974	215·3	152·0	148·5	*16·1*	164·2	143·4	147·0	*16·0*	150·9	151·1	67
1975	235·4	188·7	184·4	*24·2*	206·1	177·5	182·6	*24·2*	189·8	189·4	54
1976	299·0	219·6	215·0	*16·5*	247·4	205·1	211·4	*15·8*	226·2	225·0	47
1977			249·0	*15·8*	294·4	253·6	245·2	*16·0*			40
1971 *3*	105·6	110·3	110·8	*10·1*	112·8	110·1	110·9	*10·0*	111·6	111·3	90
4	104·8	110·8	112·2	*9·2*	114·4	111·5	112·3	*8·9*	113·6	113·0	89
1972 *1*	105·6	112·1	113·9	*8·0*	117·8	112·6	113·9	*7·9*	115·9	115·3	88
2	106·1	113·5	116·0	*6·2*	119·0	115·0	115·9	*6·3*	117·3	116·7	86
3	109·4	115·6	118·0	*6·5*	122·3	116·5	117·8	*6·2*	119·1	118·8	85
4	115·6	118·0	120·8	*7·7*	124·7	119·6	120·7	*7·4*	122·0	121·4	83
1973 *1*	126·0	119·5	123·0	*8·0*	131·1	120·3	122·2	*7·3*	125·0	124·9	81
2	133·3	120·1	126·9	*9·3*	137·4	123·5	125·2	*8·1*	129·0	129·1	79
3	150·9	124·2	128·8	*9·2*	139·8	125·3	127·7	*8·5*	130·2	130·4	78
4	167·6	129·1	133·2	*10·3*	148·1	128·5	131·8	*9·2*	135·7	135·9	75
1974 *1*	212·5	138·3	138·8	*12·9*	156·2	133·3	137·2	*12·3*	142·2	142·2	72
2	213·7	148·9	147·0	*15·9*	161·7	142·2	145·3	*16·0*	148·0	148·8	68
3	212·9	156·1	150·7	*17·0*	164·5	146·1	149·4	*17·0*	152·7	152·9	66
4	222·1	164·9	157·5	*18·2*	174·3	152·0	156·1	*18·5*	160·7	160·5	64
1975 *1*	220·9	176·0	167·0	*20·3*	188·5	160·2	165·6	*20·7*	170·6	170·3	60
2	225·6	186·3	182·7	*24·3*	205·9	175·4	180·7	*24·4*	188·9	188·5	55
3	239·3	193·4	190·7	*26·5*	211·3	184·0	188·7	*26·3*	195·8	195·7	52
4	256·1	199·1	197·3	*25·3*	218·7	190·3	195·2	*25·0*	203·9	203·1	51
1976 *1*	266·5	206·9	204·5	*22·5*	234·2	195·3	200·9	*21·3*	214·3	213·2	49
2	292·6	214·4	211·9	*16·0*	242·6	202·6	207·9	*15·1*	222·7	221·3	47
3	306·8	223·2	216·8	*13·7*	245·5	207·8	214·0	*13·4*	227·0	225·8	46
4	329·9	233·9	226·8	*15·0*	267·1	214·7	222·6	*14·0*	240·9	239·5	44
1977 *1*	341·5	248·0	238·2	*16·5*	285·7	224·3	233·1	*16·1*	251·8	251·7	42
2	347·7	259·2	248·8	*17·4*	295·5	235·0	243·9	*17·3*	262·9	262·2	40
3	340·5	267·7	252·7	*16·5*	297·2	239·6	249·8	*16·7*	268·8	266·5	40
4	330·6	272·1	256·4	*13·0*	299·0	243·7	254·2	*14·2*	273·2	270·6	39
1976 *O*	327·7	230·0	223·7	*14·7*	261·9	212·2	219·9	*14·0*	..	..	45
N	331·8	234·6	226·8	*15·0*	267·1	214·8	222·6	*14·0*	..	..	44
D	330·2	237·2	229·8	*15·1*	272·4	217·2	225·3	*14·2*			44
1977 *J*	337·8	244·9	235·9	*16·6*	283·2	222·0	230·9	*15·8*	..	..	42
F	339·5	248·2	238·2	*16·2*	285·4	224·4	233·0	*15·8*	..	..	42
M	347·2	250·8	240·5	*16·7*	288·4	226·4	235·4	*16·6*	..	..	42
A	349·7	255·4	246·6	*17·5*	293·3	232·9	241·4	*17·4*	..	..	41
M	348·3	259·8	248·6	*17·1*	293·7	235·1	243·9	*17·1*	..	..	40
J	345·2	262·4	251·1	*17·4*	299·6	237·1	246·4	*17·3*	..	..	40
J	344·5	265·8	251·4	*17·6*	297·0	238·1	247·9	*17·0*	..	..	40
A	338·8	268·1	252·7	*16·5*	296·8	239·6	249·8	*16·7*	..	..	40
S	338·1	269·2	254·1	*15·6*	297·7	241·1	251·6	*16·4*	..	..	39
O	333·8	271·0	255·1	*14·1*	297·4	242·5	253·0	*15·0*	..	..	39
N	329·9	272·0	256·3	*13·0*	288·4	243·8	254·3	*14·2*	..	..	39
D	328·0†	273·3	257·8	*12·1*	301·3	244·7	255·3	*13·3*	..	..	39
1978 *J*	324·9[5]	277·0[5]†	259·3	*9·9*	303·3	246·0	256·9	*11·3*			39
F	323·3[5]	279·2[5]									
M											

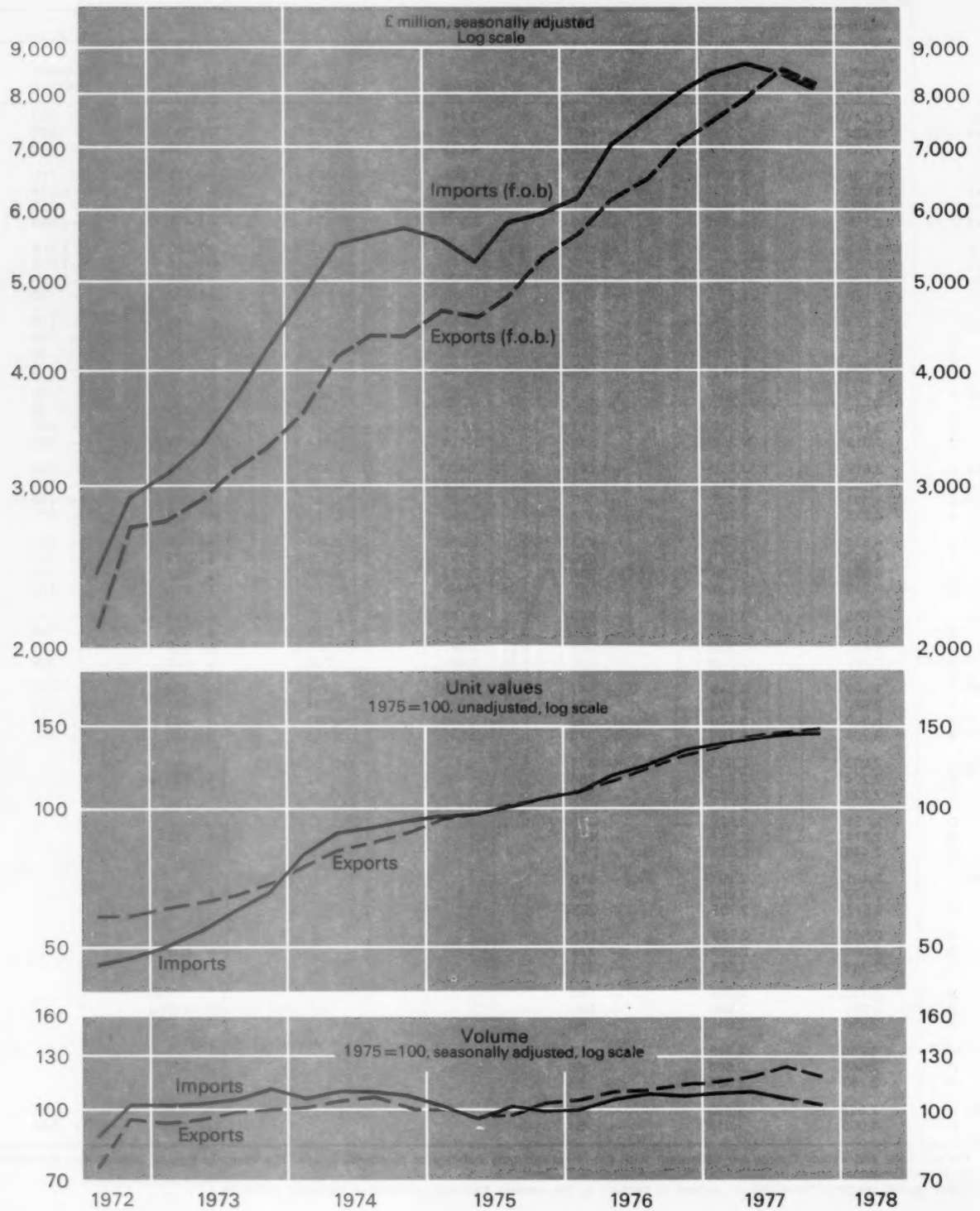
[1] All items except housing. [2] Revised method of calculation to include levies on certain imported foods from 3rd quarter 1971.
[3] Reductions in the VAT-exclusive prices of alcoholic liquor, tobacco and cigarettes, matches and mechanical lighters took place in April 1973. These reductions resulted from lower revenue duties designed to offset additional tax revenue from VAT. With unchanged prices in April for these products index numbers from 2nd quarter 1973 onwards would have been higher by 1·7.
[4] Movements in the purchasing power of the pound are based on movements in the general index of retail prices. [5] Provisional.


Average 1970=100, log scale
420
400
380
360
340
320
300
280
260
240
220
200
180
160
140
120
100
Wholesale prices
(Materials and fuel
purchased by manufacturing industry)
Retail prices
Wholesale prices
(Home sales of
manufactured products)
1972
1973
1974
1975
1976
1977

Visible trade

		Seasonally adjusted		Unadjusted					
		1975=100		1975=100				1970=100	December 1971[1]=100
		Volume indices[2]		Unit value indices[2]			Export price competitiveness index[4]	World commodity prices index[5]	Sterling effective exchange rate
		Exports	Imports	Exports	Imports	Terms of trade[3]			
1967		61·7	68·1	42·1	33·6	125·3	104·1	80	..
1968		69·4	75·1	45·5	37·6	121·0	98·1	91	..
1969		76·2	75·7	47·0	38·8	121·1	98·0[6]	96	..
1970		79·5	80·2	50·5	40·6	124·4	100·0	100	..
1971		84·6	83·3	53·3	42·4	125·7	102·2	105	..
1972		84·5	92·4	56·3	44·7	126·0	102·6	116	95·2
1973		96·8	105·6	63·3	57·1	110·9	94·1	168	86·3
1974		103·9	107·9	81·8	88·5	92·4	93·1	295	83·6
1975		100·0	100·0	100·0	100·0	100·0	96·5	300	77·2
1976		109·9	105·5	120·6	121·9	98·9	94·9[7]	385	65·4
1977		118·9	107·0	142·4	141·8	100·7		431[8]	62·1
1972	*1*	82·9	88·2	55·6	43·4	128·1	105·8	109	99·6
	2	84·8	92·4	56·3	43·8	128·5	105·4	110	99·0
	3	74·8	87·1	58·0	45·8	126·6	101·6	119	92·1
	4	95·4	102·0	58·4	47·5	122·9	97·8	127	90·2
1973	*1*	93·1	101·9	60·4	50·3	120·1	97·3	141	88·8
	2	95·2	103·4	62·3	54·1	115·2	97·8	153	89·3
	3	98·8	106·3	64·9	60·1	108·0	91·2	174	84·2
	4	100·1	110·6	68·1	65·9	103·3	90·7	205	83·0
1974	*1*	100·7	106·5	74·8	79·3	94·3	91·2	298	83·1
	2	105·9	109·5	81·0	88·9	91·1	93·5	287	84·7
	3	107·2	108·9	84·9	91·5	92·8	93·7	292	84·2
	4	102·0	106·8	89·1	94·1	94·7	93·8	303	82·6
1975	*1*	100·9	101·5	95·4	97·3	98·0	93·9	287	81·7
	2	97·0	96·0	97·7	97·9	99·8	95·5	284	79·1
	3	98·0	102·6	101·8	101·7	100·1	96·7	306	75·2
	4	104·1	99·9	105·9	106·6	99·3	97·8	324	73·0
1976	*1*	106·2	100·3	109·7	109·9	99·8	99·3	338	72·0
	2	109·9	106·0	115·9	118·4	97·9	94·4	381	65·8
	3	110·0	108·3	122·9	124·5	98·7	95·2	395	64·1
	4	113·5	107·3	130·2	133·8	97·3	90·4	423	59·6
1977	*1*	115·7	109·1	136·1	137·5	99·0	96·5[7]	439	61·8
	2	118·0†	109·8	141·7	141·3	100·3	97·7[7]	447	61·6
	3	124·1	106·4	145·5	144·0†	101·0†		434[7]	61·8
	4	117·9	102·6†	147·6	144·2	102·4		404[8]	63·3
1976	*A*	108·1	102·5	113·4	115·5	98·2	..	..	67·2
	M	110·3	107·9	115·8	118·2	98·0	..	..	65·8
	J	111·3	107·6	118·5	121·4	97·6	..	..	64·3
	J	106·5	110·1	120·5	123·0	98·0	..	..	65·1
	A	112·0	105·4	123·1	124·4	99·0	..	..	64·8
	S	111·4	109·5	124·9	126·0	99·1	..	..	62·5
	O	114·1	107·1	127·5	131·2	97·2	..	..	59·2
	N	111·0	109·7	130·5	134·3	97·2	..	..	59·1
	D	115·3	105·1	132·5	135·8	97·6	..	..	60·5
1977	*J*	115·2	116·9	134·8	135·8	99·3	..	..	61·8
	F	115·2	103·4	135·9	137·2	99·1	..	..	61·7
	M	116·5	107·0	137·5	139·7	98·4	..	..	61·9
	A	116·2	105·3	140·2	140·5	99·8	..	..	61·7
	M	116·0	109·6	142·1	141·1	100·7	..	..	61·6
	J	121·9	114·5	142·9	142·3	100·4	..	..	61·5
	J	123·1	110·4	144·2	144·4	99·9	..	..	61·0
	A	123·4	101·3	146·1	143·9	101·5	..	..	62·0
	S	125·9	107·5	146·3	143·9	101·7	..	..	62·4
	O	119·4	101·3	147·4	144·9	101·7	..	..	62·5
	N	115·3	98·4	147·2	143·8	102·4	..	..	63·6
	D	118·9	108·1	148·3	143·8	103·1	..	..	63·8
1978	*J*	112·6	114·4	149·1	141·4	105·4	..	..	66·0
	F	128·7[7]	110·6[7]	148·5[7]	141·8[7]	104·7[7]	..	..	66·0

[1] This series has been revised. For further information an article describing the background to, and basis of, this revised calculation is published in the March issue of *Economic Progress Report* prepared by HM Treasury.
[2] On a balance of payments basis. These series have been revised. For further details see *Trade and Industry* of 10 February 1978.
[3] Unit value index for exports expressed as a percentage of unit value index for imports.
[4] The ratio of UK to weighted average export (dollar) prices for major competitors in respect of manufactured goods.
[5] Weighted average, in sterling terms, of United Nations Index numbers for primary commodities and non-ferrous metals.
[6] Differences in quarterly and annual averages for 1969 and 1970 are due to the effects of adjusting the UK series for export over-valuation
[7] Provisional.
[8] Projection by the Department of Industry.


£ million, seasonally adjusted
Log scale
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
Imports (f.o.b)
Exports (f.o.b.)
Unit values
1975=100, unadjusted, log scale
150
100
50
Exports
Imports
Volume
1975=100, seasonally adjusted, log scale
160
130
100
70
Imports
Exports
1972
1973
1974
1975
1976
1977
1978

Balance of payments: current account

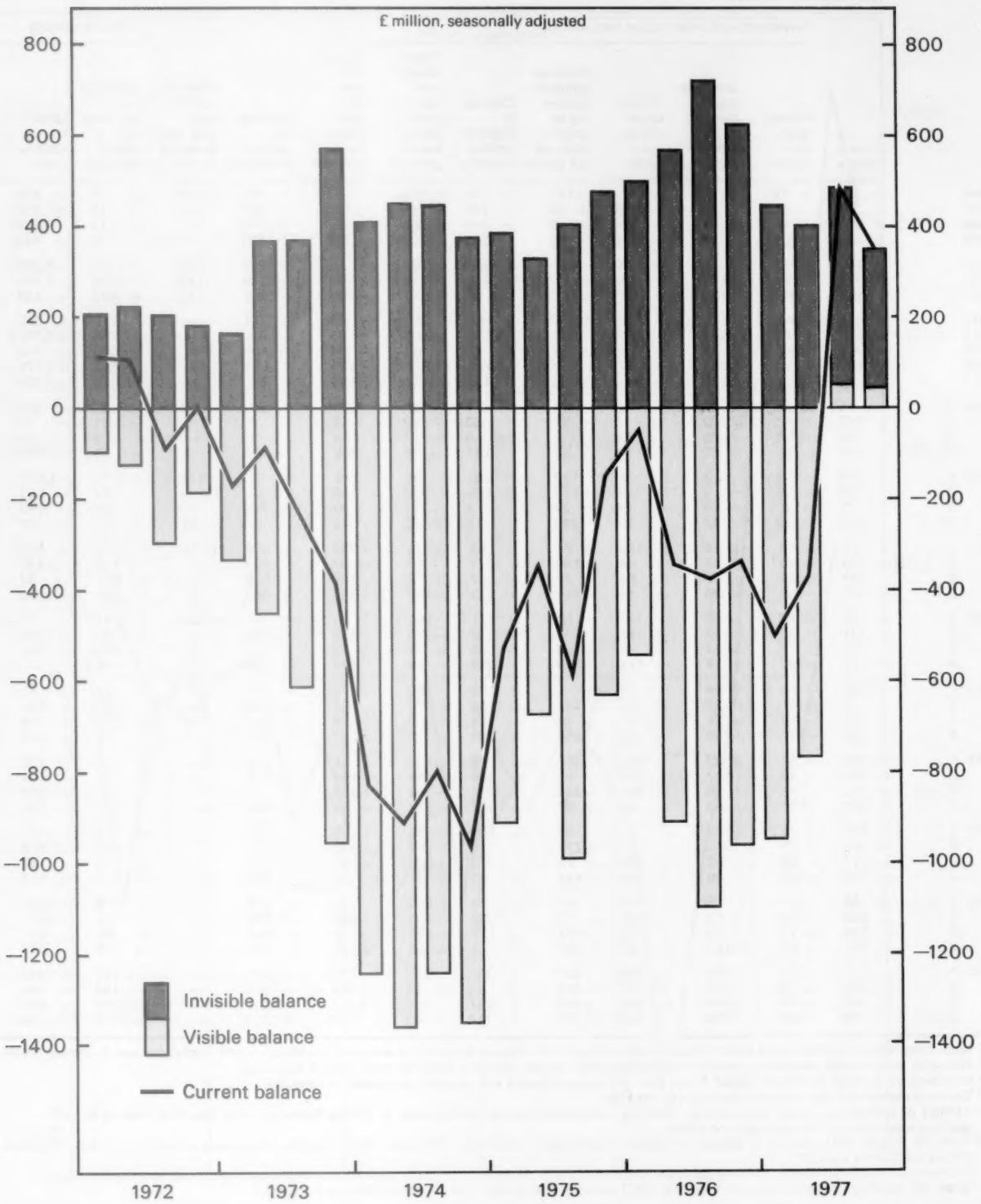
Seasonally adjusted

£ million

	Visible trade[1]			Invisibles			
	Exports (f.o.b.) §	Imports (f.o.b.) §	Total	Credits	Debits	Balance	Current balance
1967	5,241	5,796	− 555	3,244	2,989	+ 255	− 300
1968	6,433	7,100	− 667	3,794	3,414	+ 380	− 287
1969	7,269	7,425	− 156	4,295	3,699	+ 596	+ 440
1970	8,121	8,146	− 25	4,983	4,248	+ 735	+ 710
1971	9,060	8,781	+ 279	5,531	4,736	+ 795	+1,074
1972	9,450	10,151	− 701	6,081	5,254	+ 827	+ 126
1973	12,115	14,469	−2,354	8,305	6,834	+1,471	− 883
1974	16,539	21,734	−5,195	10,041	8,361	+1,680	−3,515
1975	19,462	22,667	−3,205	11,141	9,550	+1,591	−1,614
1976	25,422	28,932	−3,510	14,088	11,685	+2,403	−1,107
1977	32,176	33,788	−1,612	15,596	14,019	+1,577	− 35
1972 *1*	2,258	2,356	− 98	1,459	1,249	+ 210	+ 112
2	2,343	2,465	− 122	1,493	1,267	+ 226	+ 104
3	2,115	2,413	− 298	1,551	1,345	+ 206	− 92
4	2,734	2,917	− 183	1,578	1,393	+ 185	+ 2
1973 *1*	2,754	3,088	− 334	1,745	1,581	+ 164	− 170
2	2,901	3,353	− 452	2,037	1,670	+ 367	− 85
3	3,147	3,760	− 613	2,107	1,736	+ 371	− 242
4	3,313	4,268	− 955	2,416	1,847	+ 569	− 386
1974 *1*	3,619	4,860	−1,241	2,430	2,019	+ 411	− 830
2	4,152	5,514	−1,362	2,484	2,035	+ 449	− 913
3	4,393	5,633	−1,240	2,529	2,084	+ 445	− 795
4	4,375	5,727	−1,352	2,598	2,223	+ 375	− 977
1975 *1*	4,674	5,586	− 912	2,666	2,281	+ 385	− 527
2	4,601	5,271	− 670	2,707	2,379	+ 328	− 342
3	4,844	5,836	− 992	2,782	2,380	+ 402	− 590
4	5,343	5,974	− 631	2,986	2,510	+ 476	− 155
1976 *1*	5,655	6,198	− 543	3,167	2,671	+ 496	− 47
2	6,171	7,080	− 909	3,373	2,809	+ 564	− 345
3	6,499	7,596	−1,097	3,687	2,967	+ 720	− 377
4	7,097	8,058	− 961	3,861	3,238	+ 623	− 338
1977 *1*	7,502	8,449	− 947	3,773	3,331	+ 442	− 505
2	7,930	8,694	− 764	3,874	3,474	+ 400	− 364
3	8,540	8,486	+ 54	4,000	3,571	+ 429	+ 483
4	8,204	8,159	+ 45	3,949	3,643	+ 306	+ 351
1976 *J*	2,063	2,534	− 471	..	..		..
A	2,204	2,470	− 266	..	..	+ 720	..
S	2,232	2,592	− 360	..	..		..
O	2,335	2,626	− 291	..	..		..
N	2,314	2,757	− 443	..	..	+ 623	..
D	2,448	2,675	− 227	..	..		..
1977 *J*	2,481	2,991	− 510	..	..		..
F	2,479	2,663	− 184	..	..	+ 442	..
M	2,542	2,795	− 253	..	..		..
A	2,591	2,759	− 168	..	..		..
M	2,590	2,869	− 279	..	..	+ 400	..
J	2,749	3,066	− 317	..	..		..
J	2,793	2,955	− 162	..	..		..
A	2,851	2,690	+ 161	..	..	+ 429	..
S	2,896	2,841	+ 55	..	..		..
O	2,756	2,703	+ 53	..	..		..
N	2,668	2,600	+ 68	..	..	+ 306	..
D	2,780	2,856	− 76	..	..		..
1978 *J*	2,625	2,959	− 334	..	..	+ 100[2]	− 234
F	3,000	2,916	+ 84			+ 100[2]	+ 184

[1] The quarterly and annual figures are consistent with the latest quarterly balance of payments article. The monthly figures, which may incorporate subsequent revisions are as published by the Department of Trade.

[2] These figures are projections and are subject to revision as the relevant statistical information becomes available.


£ million, seasonally adjusted
800
600
400
200
0
−200
−400
−600
−800
−1000
−1200
−1400
Invisible balance
Visible balance
Current balance
1972
1973
1974
1975
1976
1977

Analysis of capital transactions and official financing [1]

£ million

Not seasonally adjusted

	Investment and other capital transactions									Official financing	
	Current balance	Official long-term capital	Overseas investment in UK public sector [2]	Private sector investment (net)	Overseas currency borrowing or lending (net) by UK banks [2]	Change in external sterling liabilities	Trade credit [3] and other short-term transactions	Balancing item and other capital transactions [4]	Balance for official financing [5]	Allocation of SDR and gold subscription to IMF	Drawings on (+)/additions to (−) official reserves [6]	Other transactions (net) [7]
1966	+ 104	− 81	+ 35	− 39	−192	− 101	−200	− 73	− 547	− 44	− 34	+ 625
1967	− 300	− 59	+ 54	− 96	+ 36	− 286	−146	+126	− 671	—	+ 115	+ 556
1968	− 287	+ 16	+ 16	− 160	− 15	− 308	−305	−367	−1,410	—	+ 114	+1,296
1969	+ 440	− 99	− 56	− 6	− 38	+ 261	−227	+412	+ 687	—	− 44	− 643
1970	+ 710	−205	− 10	+ 49	+472	+ 459	−193	+ 5	+1,287	+133	− 125	−1,295
1971	+1,074	−274	+107	+ 216	+471	+1,422	−126	+256	+3,146	+125	−1,536	−1,735
1972	+ 126	−255	+120	− 610	+471	+ 196	−610	−703	−1,265	+124	+ 692	+ 449
1973	− 883	−254	+175	− 196	+525	+ 154	−355	+ 63	− 771	—	− 228	+ 999
1974	−3,515	−276	+252	+1,129	−294	+1,558	−685	+185	−1,646	—	− 105	+1,751
1975	−1,614	−288	+ 43	+ 336	+235	− 67	− 56	− 54	−1,465	—	+ 655	+ 810
1976	−1,107	−158	+203	− 92	−106	−1,152	−1,501	+285	−3,628	—	+ 853	+2,775
1977	− 35	−302	+2,179	+1,219	+265	+1,452	− 11	+2,596	+7,363	—	−9,588	+2,225
1969 *1*	− 15	− 29	− 31	− 31	14	124	− 27	239	+ 272	—	− 20	− 252
2	+ 155	− 11	23	− 7	− 21	50	− 99	− 28	62	—	11	− 73
3	146	+ 29	− 65	38	− 7	− 60	− 27	− 134	− 80	—	4	76
4	154	− 88	17	− 34	− 24	147	− 74	335	433	—	− 39	− 394
1970 *1*	238	− 48	3	36	125	283	66	212	915	171	− 76	−1,010
2	160	− 38	− 3	123	123	+ 158	−136	− 160	227	—	− 34	− 193
3	79	− 20	− 23	− 84	− 24	3	− 13	− 120	− 202	—	52	150
4	233	− 99	13	− 26	248	15	−110	73	347	− 38	− 67	− 242
1971 *1*	+ 63	− 46	+ 70	+ 132	+ 84	+ 285	+ 70	+264	+ 922	+125	− 204	− 843
2	+ 350	− 44	+ 7	+ 44	+148	+ 277	− 97	− 82	+ 603	—	− 126	− 477
3	+ 379	− 34	+ 5	+ 54	+ 28	+ 337	+ 88	−189	+ 668	—	− 576	− 92
4	+ 282	−150	+ 25	− 14	+211	+ 523	−187	+263	+ 953	—	− 630	− 323
1972 *1*	− 16	− 42	+ 65	− 191	+114	+ 211	−164	+ 80	+ 57	+124	− 191	+ 10
2	+ 231	− 39	+ 22	− 194	−132	− 138	−375	−420	−1,045	—	+ 46	+ 999
3	− 137	− 17	+ 24	− 77	+199	− 92	− 47	+ 68	− 79	—	+ 639	− 560
4	+ 48	−157	+ 9	− 148	+290	+ 215	− 24	−431	− 198	—	+ 198	—
1973 *1*	− 329	− 55	+ 44	− 17	+ 1	+ 170	− 63	+276	+ 27	—	− 72	+ 45
2	− 2	− 31	+ 20	+ 30	+152	+ 166	+ 18	−254	+ 99	—	− 380	+ 281
3	− 220	− 27	+ 21	− 51	+ 36	− 415	−200	+238	− 618	—	+ 254	+ 364
4	− 332	−141	+ 90	− 158	+336	+ 233	−110	−197	− 279	—	− 30	+ 309
1974 *1*	− 895	− 52	+ 32	+ 564	− 61	+ 179	−150	+ 44	− 339	—	+ 33	+ 306
2	− 884	− 42	+107	+ 299	+ 56	+ 386	− 92	−149	− 319	—	− 116	+ 435
3	− 840	− 15	+ 30	+ 356	−346	+ 616	−109	+308	—	—	− 189	+ 189
4	− 896	−167	+ 83	− 90	+ 57	+ 377	−334	− 18	− 988	—	+ 167	+ 821
1975 *1*	− 620	− 73	+ 66	− 43	− 80	+ 247	− 32	+209	− 326	—	− 142	+ 468
2	− 359	− 39	—	− 337	+772	− 17	−264	−328	− 572	—	+ 410	+ 162
3	− 577	− 26	− 52	+ 566	− 15	− 379	+183	+ 87	− 213	—	+ 170	+ 43
4	− 58	−150	+ 29	+ 150	−442	+ 82	+ 57	− 22	− 354	—	+ 217	+ 137
1976 *1*	− 96	− 37	+ 9	+ 149	+ 94	− 75	−684	− 38	− 678	—	− 178	+ 856
2	− 335	− 26	+ 13	− 245	− 86	− 932	−550	+206	−1,955	—	+ 354	+1,601
3	− 335	− 10	+ 58	+ 64	−272	− 137	−222	− 8	− 862	—	+ 61	+ 801
4	− 341	− 85	+123	− 60	+158	− 8	− 45	+125	− 133	—	+ 616	− 483
1977 *1*	− 530	− 24	+498	+ 382	+421	+ 389	+253	+524	+1,913	—	−3,197	+1,284
2	− 336	− 16	+921	+ 147	−706	− 48	+ 14	+932	+ 908	—	−1,158	+ 250
3	+ 455	− 17	+291	+ 524	+184	+ 397	−235	+1,011	+2,610	—	−3,227	+ 617
4	+ 376	−245	+469	+ 166	+366	+ 714	− 43	+ 129	+1,932	—	−2,006	+ 74

[1] More comprehensive analyses are given in the appendix tables to the balance of payments articles in the March, June, September and December issues

[2] Excluding public sector borrowing under the exchange cover scheme which is included under official financing.

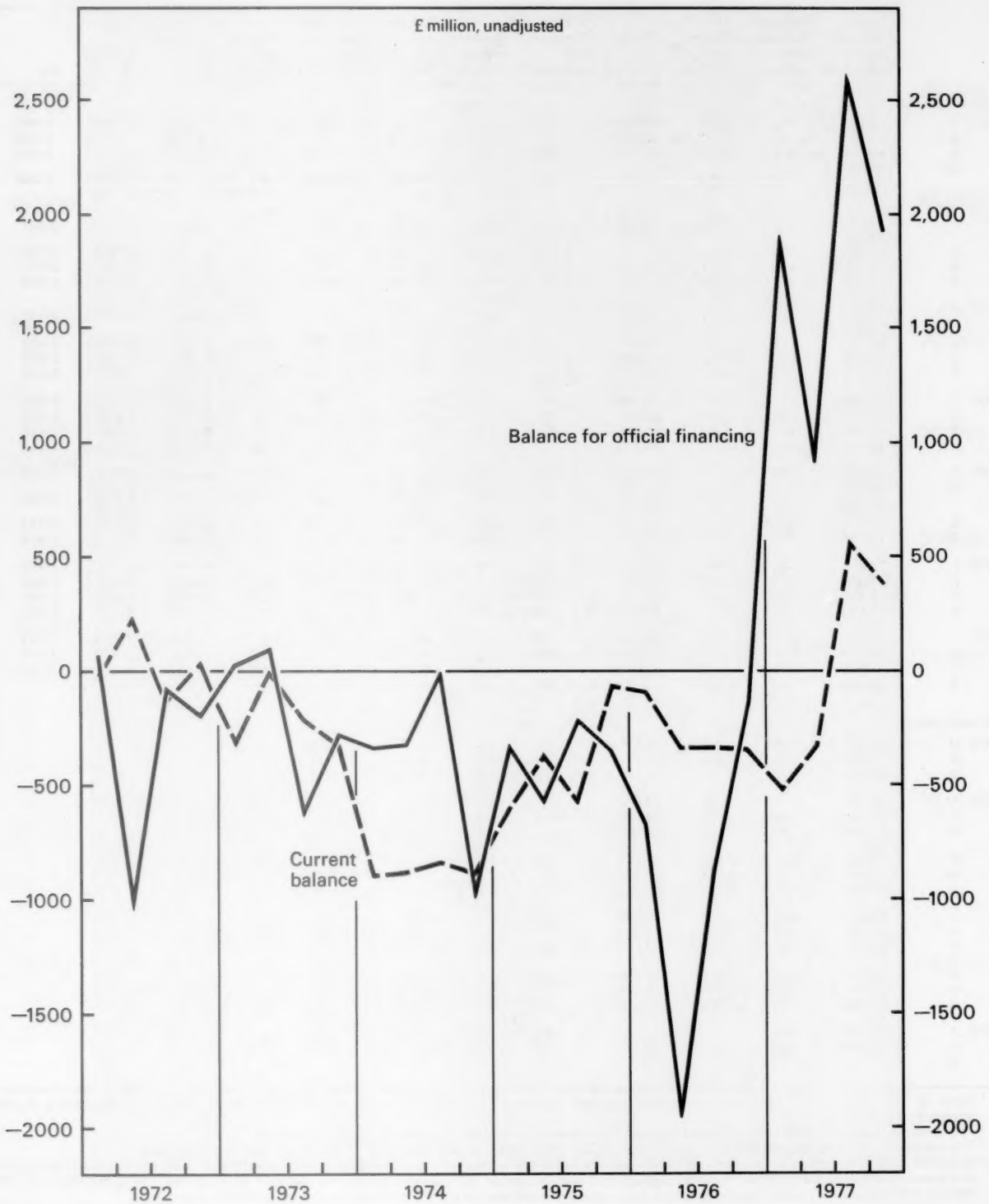
[3] Excluding trade credit between 'related' firms; after deducting advance and progress payments to suppliers.

[4] Capital transfers and EEA loss on forward commitments.

[5] Balance of current and capital transactions, including unidentified transactions covered by official financing other than that relating to IMF gold subscriptions and the allocation of SDRs.

[6] From 23 August 1971, valued in sterling at market-related rates of exchange. From July 1972, includes transactions affecting the United Kingdom reserve position in the IMF.

[7] Includes net transactions with overseas monetary authorities and other foreign currency borrowing by HM Government and by the public sector under the exchange cover scheme; in 1966 and 1967 includes the transfer from dollar portfolio to reserves.


£ million, unadjusted
2,500
2,000
1,500
1,000
500
0
−500
−1000
−1500
−2000
Balance for official financing
Current balance
1972
1973
1974
1975
1976
1977

Money stock

£ million: amounts outstanding

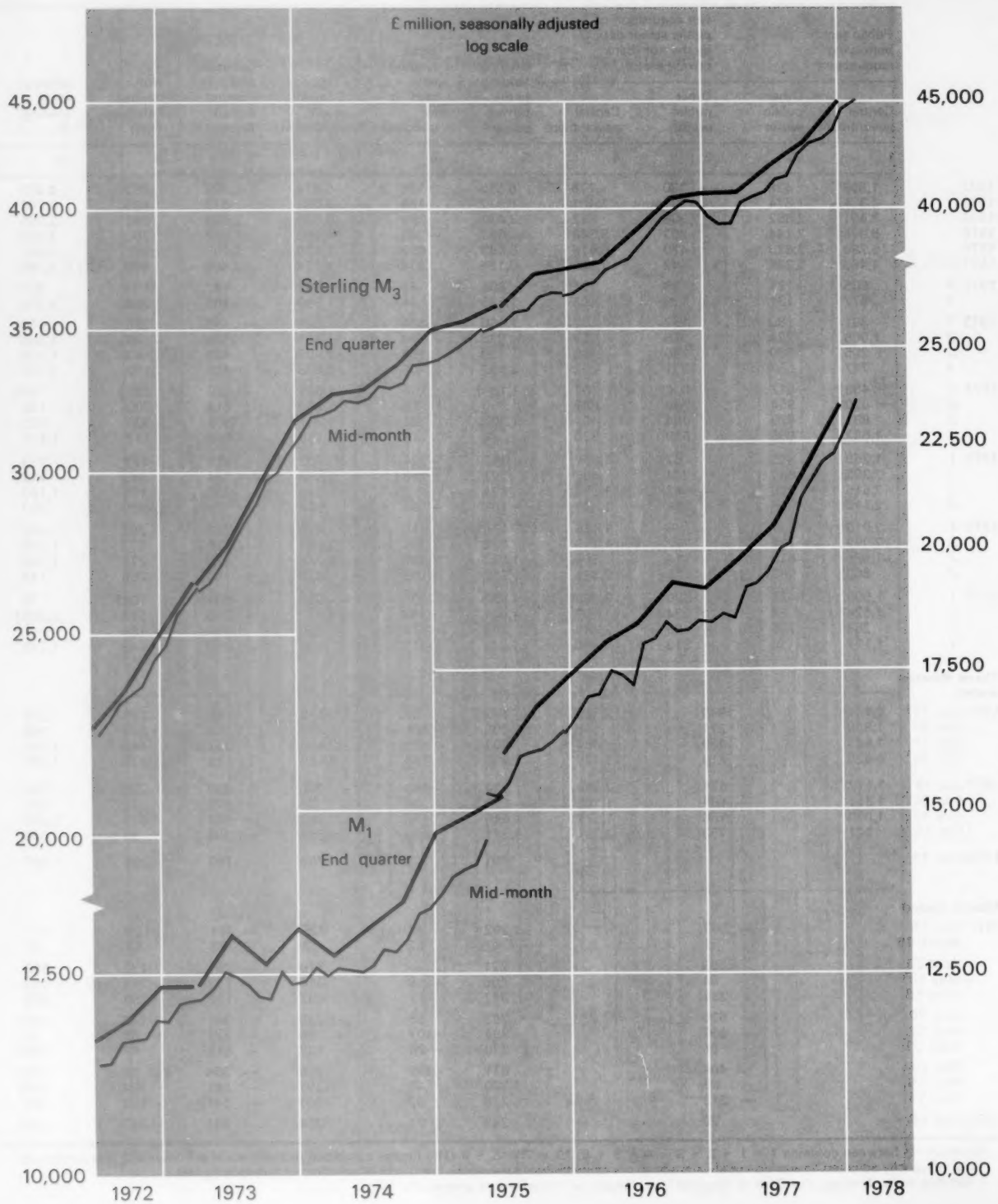
	M_1			Sterling M_3			M_3			Velocity of circulation[1]		
	Seasonally adjusted	Changes (seasonally adjusted)	*Percentage change*	Seasonally adjusted	Changes (seasonally adjusted)	*Percentage change*	Seasonally adjusted §	Changes (seasonally adjusted)	*Percentage change*	M_1	Sterling M_3	M_3
At end period												
1971 *1*	9,880	412	+4·4	18,050†	727†	+4·2	18,540	707	+4·0	5·610	3·069	2·985
2	9,980	94	+1·0	18,340	297	+1·6	18,850	315	+1·7	5·709	3·116	3·032
3	10,270	295	+3·0	18,740	403	+2·2	19,260	408	+2·2	5·821	3·179	3·093
4[2]	10,380 / 10,780	110	+1·1	19,620	884	+4·7	20,050	792	+4·1	5·769	3·136	3·060
1972 *1*[3]	11,190 / 11,240	407	+3·8	20,620 / 21,030	1,005	+5·1	21,150 / 21,560	1,104	+5·5	5·587	3·011	2·941
2	11,690	457	+4·1	22,490	1,472	+7·0	23,100	1,555	+7·2	5·490	2·903	2·829
3	11,830†	133	+1·1	23,430	937	+4·2	24,080	976	+4·2	5·430	2·781	2·707
4	12,330	507	+4·3	24,930	1,500	+6·4	25,730	1,651	+6·9	5·542	2·769	2·688
1973 *1*[3]	12,340 / 12,340	− 10	−0·1	26,300 / 26,210	1,368	+5·5	27,300 / 27,310	1,565	+6·1	5·887	2·837	2·733
2	13,110	772	+6·3	27,550	1,349	+5·1	28,620	1,322	+4·8	5·633	2·664	2·563
3	12,540	−562	−4·3	29,490	1,936	+7·0	30,810	2,184	+7·6	5·755	2·588	2·484
4	13,140	610	+4·9	31,700	2,206	+7·5	33,130	2,318	+7·5	5·920	2·485	2·378
1974 *1*	12,760	−359†	−2·7	32,480	790	+2·5	34,260	1,131	+3·4	5·840	2·357	2·245
2	13,100	342	+2·7	32,670	186	+0·6	34,850	593	+1·7	6·238	2·476	2·334
3	13,500	389	+3·0	33,500	825	+2·5	36,000	1,145	+3·3	6·592	2·650	2·475
4	14,580	1,065	+7·9	34,970	1,454	+4·3	37,370	1,352	+3·8	6·400	2·625	2·450
1975 *1*	14,890	293	+2·0	35,200	219	+0·6	37,720	340	+0·9	6·503	2·731	2·552
2[4]	15,260 / 15,990	364	+2·4	35,910 / 35,890	712	+2·0	38,260 / 38,250	544	+1·4	6·702	2·877	2·692
3	16,790	793	+5·0	37,080	1,192	+3·3	39,880	1,629	+4·3	6·613	2·937	2·744
4[5]	17,350	565	+3·4	37,270	207	+0·6	40,240	389	+1·0	6·608	3·034	2·816
1976 *1*	17,960	614	+3·5	37,700	462	+1·2	40,850	634	+1·6	6·719	3·164	2·926
2	18,400	439	+2·4	38,880	1,178	+3·1	42,440	1,593	+3·9	6·611	3·139	2·886
3	19,220	821	+4·5	40,450	1,586	+4·1	44,490	2,063	+4·9	6·656	3·156	2·880
4	19,140	− 78	−0·4	40,580	149	+0·4	44,550	− 71†	+0·2	6·809	3·223	2·933
1977 *1*	19,750	610	+3·2	40,640	76†	+0·2	44,910	384	+0·9	6·788	3·250	2·951
2	20,490	741	+3·8†	41,940	1,308	+3·2	46,490†	1,581	+3·5	6·835	3·331	3·010
3	2,1860	1,373	+6·7	42,860†	917	+2·2†	47,200	713	+1·5†	6·780	3·385	3·065
4	23,330	1,466	+6·7	44,660	1,795	+4·2	48,760	1,557	+3·3			
At mid-month												
1976 *O*	18,190	−196	−1·1	39,900	459	+1·2	43,810	646	+1·5	..	..	..
N	18,250	58	+0·3	40,320	429	+1·1	44,150	339	+0·8	..	..	..
D	18,430	180	+1·0	40,170	−159	−0·4	43,820	− 325	−0·7	..	..	..
1977 *J*	18,400	− 2	—	39,640	−510	−1·3	43,370	− 439	−1·0	..	..	..
F	18,530	134	+0·7	39,220	−416	−1·0	43,090	− 271	−0·6	..	..	..
M	18,490	− 35	−0·2	39,260	43	+0·1	43,090	5	—	..	..	..
A	19,150	667	+3·6	40,140	899	+2·3	44,340	1,263	+2·9	..	..	..
M	19,200	64	+0·3	40,380	253	+0·6	44,640	312	+0·7	..	..	..
J	19,460	263	+1·4	40,680	303	+0·8	44,910	274	+0·6	..	..	..
J	19,970	518	+2·7	41,190	507	+1·2	45,350	439	+1·0	..	..	..
A	20,080	109	+0·5	41,250	59	+0·1	45,410	63	+0·1	..	..	..
S	21,040	960	+4·8	42,120	868	+2·1	46,330	923	+2·0	..	..	..
O	21,550	509	+2·4	42,840	729	+1·7	46,820	492	+1·1	..	..	..
N	21,900	349	+1·6	43,130	284	+0·7	46,860	30	+0·1	..	..	..
D	22,080	176	+0·8	43,530	401	+0·9	47,200	340	+0·7	..	..	..
1978 *J*	22,760	681	+3·1	44,510	982	+2·3	48,200	1,004	+2·1	..	..	..
F	23,010	251	+1·1	45,000	488	+1·1	48,770	567	+1·2	..	..	..
M												

[1] Ratio of GNP at current market prices seasonally adjusted expressed at an annual rate to the centred quarterly average of M_1/sterling M_3/M_3 seasonally adjusted.

[2] The break in the series M_1 between September and December 1971 reflects additional statistical information.

[3] The breaks in the series at end-March 1972 and end-March 1973 show, in each case, the effects of changes in contributors.

[4] At mid-May 1975 new statistical returns were introduced. The first line of figures for end-June 1975, includes a number of estimates to provide reasonable consistency with earlier dates. [5] The amounts outstanding at end-December 1975, are shown after the exclusion of one contributor to the series, but the effect on the figures is very small. The changes have been adjusted to exclude the effect of the reduction in the number of contributors.


£ million, seasonally adjusted
log scale
45,000
40,000
35,000
30,000
25,000
20,000
12,500
10,000
Sterling M3
End quarter
Mid-month
M1
End quarter
Mid-month
22,500
17,500
15,000
1972
1973
1974
1975
1976
1977
1978

Domestic credit expansion and money stock

Seasonally adjusted[1]

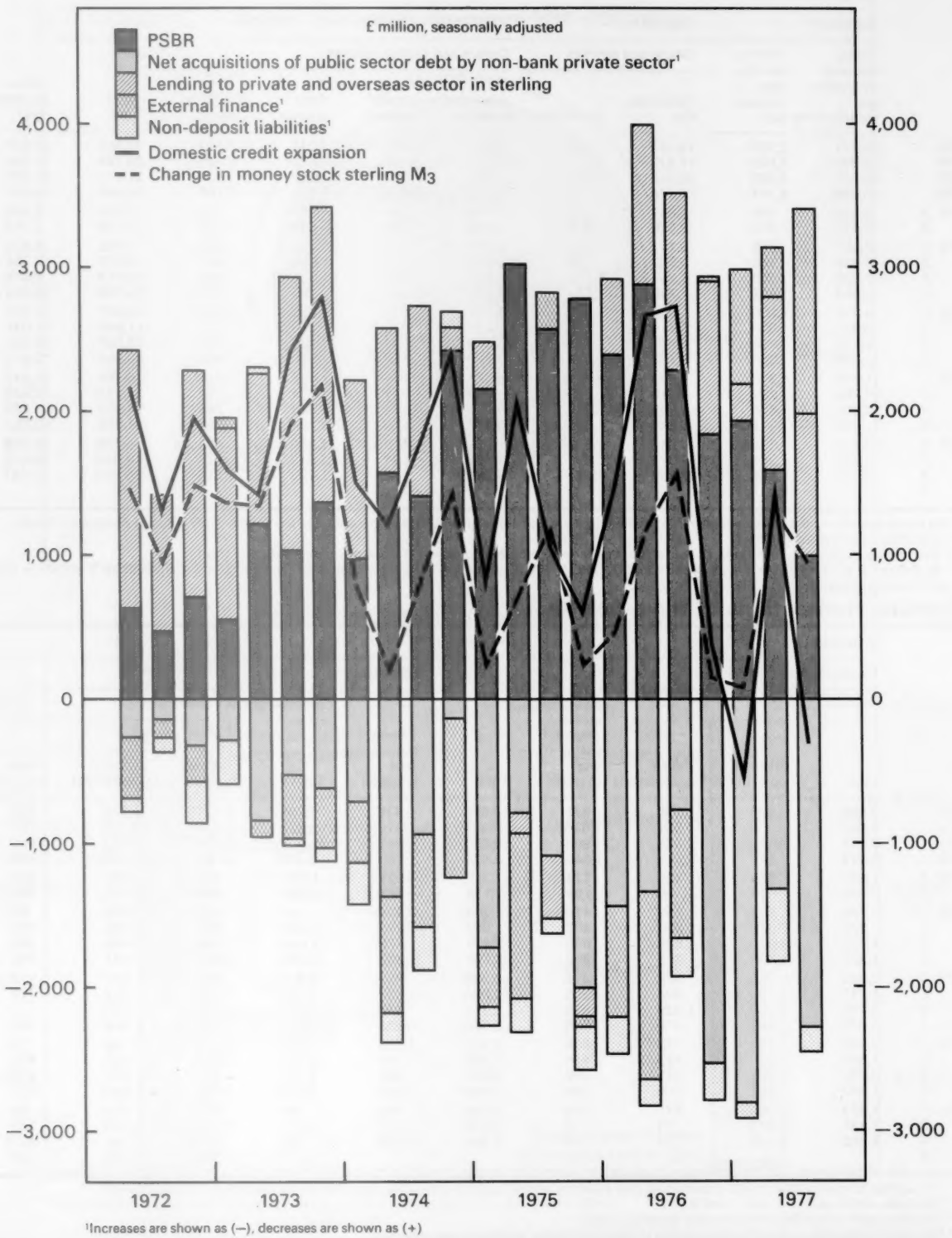
£ million

	Public sector borrowing requirement		Net acquisition of public sector debt by the non-bank private sector		Sterling lending to the private sector[2]	Bank lending in sterling to overseas	Domestic credit expansion	External and foreign currency finance	Non-deposit liabilities (net)	Money stock sterling M_3
	Central government	Other public sector	Other public sector	Central government						
	1	2	3	4	5	6	7	8	9	10
1972	1,596	438	230	776	5,510	136	6,674	1,095	652	4,927
1973	2,321	1,874	891	1,401	5,972	189	8,064	879	485	6,702
1974	3,491	2,882	2,309	852	3,435	289	6,936	2,999	682	3,255
1975	8,376	2,144	263	5,346	— 384	— 65	4,462	1,372	760	2,330
1976	6,786	2,623	470	5,613	3,463	650	7,439	2,907	967	3,565
1977	4,463	1,238	442	7,668	3,195	374	1,174	—3,590	665	4,099
1972 *3*	505	— 24	18	121	905	46	1,293	187	169	937
4	577	131	126	193	1,536	44	1,969	185	284	1,500
1973 *1*	391	163	157	132	1,460	—124	1,601	— 63	296	1,368
2	1,008	224	315	529	933	90	1,411	108	— 46	1,349
3	205	830	186	348	739	168	2,408	429	43	1,936
4	717	657	231	392	1,997	55	2,803	405	192	2,206
1974 *1*	458†	517	606†	107	1,134†	105	1,501	420	291†	790†
2	620	954	730	639	950	45	1,200	814	200	186
3	831	575	454	481	1,305	21	1,797	669	303	825
4	1,582	836	519	— 375	46	118	2,438	1,096	— 112	1,454
1975 *1*	1,259	893	67	1,657	448	—124	752	411	122	219
2	2,390	630	234	557	— 291	148	2,086	1,141	233	712
3	2,615	— 46	— 142	1,233	— 434	2	1,046	— 251	105	1,192
4	2,112	667	104	1,899	— 107	— 91	578	71	300	207
1976 *1*	2,019	377	5	1,436	176	345	1,476	762	252	462
2	2,099	781	222	1,116	852	266	2,660	1,310	172	1,178
3	1,808	479	114	666	1,030	201	2,738	875	277	1,586
4	860	986†	129†	2,395	1,215	—162	375	— 40	266	149
1977 *1*	1,509	425	530	2,289†	352	— 92	— 625†	— 809†	108†	76
2	1,524	66	224	1,103	1,021	183	1,467	— 348	518	1,308†
3	253†	765	— 99	2,340	792	172†	— 259	—1,364	188	917
4	1,117	— 18	— 213	1,936	1,041	111	588	—1,058	— 149	1,795
Three months ended										
1976 Jan. 21	2,147		949	2,362	— 182	— 37	515	135	171	209
April 21	1,858		211	598	400	461	2,332	1,108	225	999
July 21	1,865		439	984	991	154	2,465	927	440	1,098
Oct. 20	1,828		415	1,125	1,265	99	2,482	775	120	1,587
1977 Jan. 19	1,172		631	2,869	994	—188	— 260	— 256	236	— 240
April 20	1,351		— 164	1,105	— 122	— 34	— 74	— 675	75	526
July 20	1,070		156	1,677	1,046	158	753	— 934	624	1,063
Oct. 19	541		753	2,381	1,241	208	362	—1,388	94	1,656
1978 Jan. 18					791	225	758	— 703	—206	1,667
Month ended										
1977 Feb. 16			— 547		— 292	— 86	— 925	— 401	—108	— 416
March 16			71		— 51	52	72	— 23	52	43
April 20			558		221	—	779	— 251	131	899
May 18			— 54		406	— 8	344	— 128	219	253
June 15			239		347	111	697	135	259	303
July 20			— 636		293	55	— 288	— 941	146	507
Aug. 17			— 597		394	107	— 96	— 221	66	59
Sept. 21			— 86		236	— 28	122	— 813	67	868
Oct. 19			— 404		611	129	336	— 354	— 39	729
Nov. 16			— 65		320	42	297	— 181	194	284
Dec. 14			— 213		228	92	107	— 141	—153	401
1978 Jan. 18			20		243	91	354	— 381	—247	982

Relationship between columns 7 = 1 + 2 − 3 − 4 + 5 + 6; 10 = 7 − 8 − 9 (The figures combined in the bracket are column 2 *less* column 3).

[1] The seasonally adjusted figures do not always add to the calendar year total which is the sum of unadjusted quarterly figures.

[2] Banking sector lending *plus* Bank of England Issue Department holdings of commercial bills.



[1]Increases are shown as (—), decreases are shown as (+)

General government receipts and expenditure[1]

£ million

	General government									
	Receipts[2]		Expenditure							
	Taxes, national insurance, etc. contributions	Trading income, rent, interest, etc.	Goods and services		Current and capital transfers			Net lending, etc.[3]	Total	Public expenditure[4]
			Consumption	Investment	Current grants and subsidies	Capital transfers	Debt interest			
1973	24,177	2,900	13,247	3,694	8,251	980	2,711	1,617	30,500	27,877
1974	29,843	3,649	16,522	4,442	11,176	1,107	3,551	2,390	39,188	36,034
1975	38,347	4,392	22,912	5,067	14,407	1,202	4,065	3,757	51,410	47,507
1976	44,695	5,314	26,574	5,421	17,077	1,421	5,434	2,468	58,395	54,026
1973 *3*	5,818	798	3,347	931	1,964	240	803	102	7,387	6,646
4	6,030	713	3,510	979	2,289	223	670	378	8,049	7,416
1974 *1*	7,581	916	3,791	1,328	2,567	282	992	545	9,505	8,613
2	6,824	786	3,752	825	2,474	261	668	422	8,402	7,734
3	7,558	990	4,249	1,155	2,908	279	1,026	896	10,513	9,619
4	7,880	957	4,730	1,134	3,227	285	865	527	10,768	10,068
1975 *1*	9,535	1,136	5,452	1,387	3,351	377	1,066	1,264	12,897	11,792
2	8,972	996	5,444	1,117	3,571	203	756	771	11,862	11,036
3	9,755	1,174	5,854	1,199	3,619	297	1,227	853	13,049	12,006
4	10,085	1,086	6,162	1,364	3,866	325	1,016	869	13,602	12,673
1976 *1*	11,246	1,378	6,333	1,722	4,122	385	1,548	1,039	15,149	13,832
2	10,796	1,214	6,510	1,174	4,260	307	1,004	490	13,745	12,829
3	10,908	1,410	6,765	1,265	4,231	324	1,628	755	14,968	13,783
4	11,745	1,312	6,966	1,260	4,464	405	1,254	184	14,533	13,582
1977 *1*	13,116	1,534	7,015	1,572	4,756	509	1,850	443	16,145	14,768
2	12,387	1,361	7,319	970	4,851	361	1,313	−174	14,640	13,530
3	12,579	1,682	7,356	1,114	4,882	339	1,793	115	15,599	13,957
4										

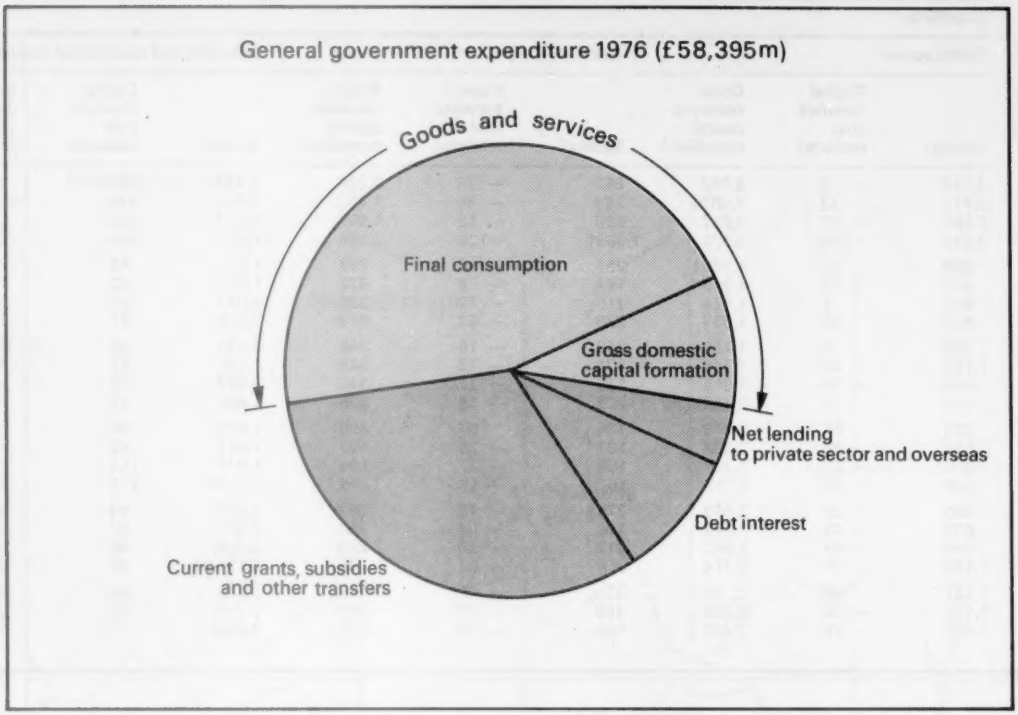
[1] An article describing the new presentation of government income and expenditure was published in the March 1977 issue of *Economic Trends*.
[2] Excluding financial transactions.
[3] Net lending to public corporations, private sector and overseas; cash expenditure on company securities, etc. (net).
[4] As defined in the public expenditure White Paper (Cmnd. 7049). A reconciliation with the total of general government expenditure is shown in Table 2·4 of *Financial Statistics*.

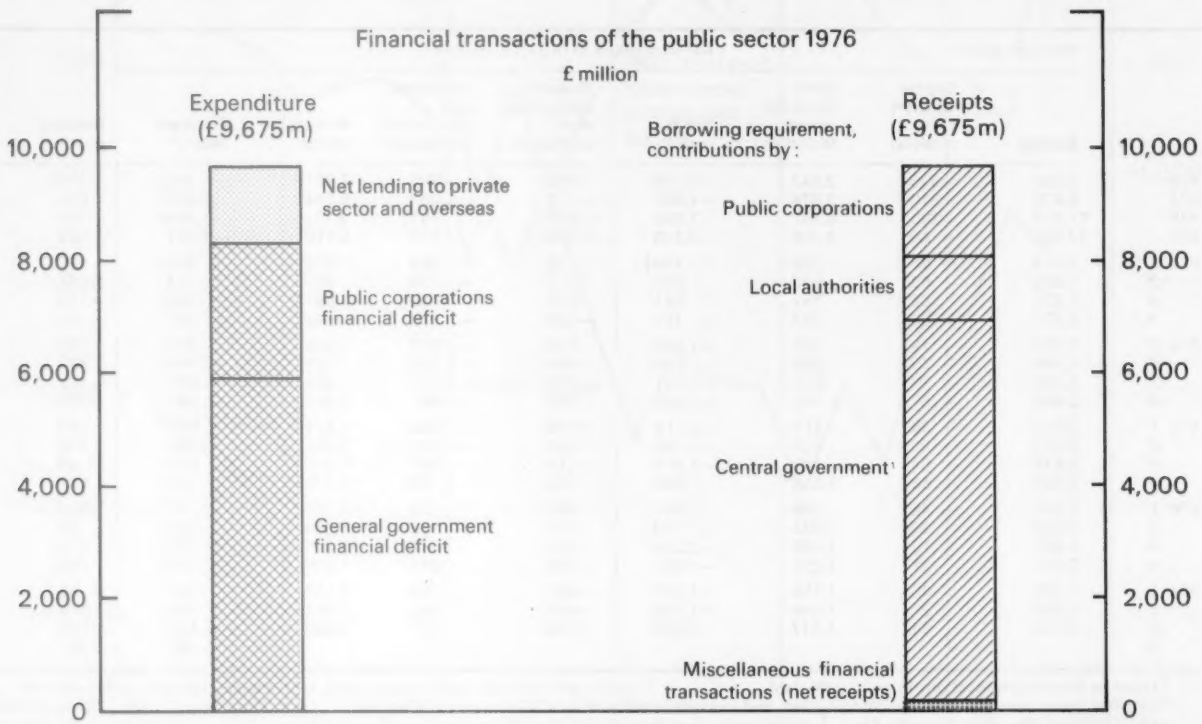
Financial transactions of the public sector

£ million

	Financial deficit[1]				Receipts			
						Borrowing requirement		
							Contributions by:	
	Total	General government[2]	Public corporations	Net lending etc., to private sector and overseas[3]	Total	Financial transactions (net receipts)	Total	Central government[4]	Local authorities	Public corporations
1973	2,585	1,806	779	971	3,556	−639	4,195	2,321	1,348	526
1974	4,857	3,306	1,551	1,830†	6,687†	314†	6,373	3,491	2,125	757
1975	7,858	4,914	2,944	1,802	9,660	−860	10,520	8,376	1,653	491
1976	8,329	5,918	2,411	1,345	9,674	265	9,409†	6,786	1,130†	1,493
1973 *3*	1,034	669	365	278	1,312	−227	1,539	645	337	557
4	943	928	15	195	1,138	−447	1,585	986	356	243
1974 *1*	788	463	325	475†	1,263†	1,325†	−62	−609	452	95
2	635	370	265	367	1,002	−879	1,881	985	780	116
3	1,633	1,069	564	638	2,271	675	1,596	858	452	286
4	1,801	1,404	397	350	2,151	−807	2,958	2,257	441	260
1975 *1*	1,864	962	902	475	2,339	817	1,522	987	527	8
2	1,717	1,123	594	303	2,020	−1,077	3,097	2,356	612	129
3	2,299	1,267	1,032	418	2,717	226	2,491	2,288	210	− 7
4	1,978	1,562	416	606	2,584	−826	3,410	2,745	304	361
1976 *1*	2,265	1,486	779	440	2,705	1,120	1,585	1,414	196	− 25
2	1,842	1,245	597	415	2,257	−731	2,988	2,204	281	503
3	2,720	1,895	825	296	3,016	696	2,320	1,655	287	378
4	1,502	1,292	210	194	1,696	−820	2,516†	1,513	366†	637
1977 *1*	1,323	1,052	271	310	1,633	688	945	572	472	− 99
2	1,281	1,066	215	− 3	1,278	−613	1,891	1,778†	−230	383
3	1,962	1,233	729	44	1,996	1,009	987	274	281	432†
4							1,878	1,879	−292	263

[1] The excess of current and capital expenditure over receipts; corresponds to a negative figure of 'net acquisition of financial assets'.
[2] Top table, columns 3 to 7, *less* 1 and 2.
[3] Including cash expenditure on company securities (net).
[4] Including borrowing matched by on-lending to local authorities and public corporations.


General government expenditure 1976 (£58,395m)
Goods and services
Final consumption
Gross domestic capital formation
Net lending to private sector and overseas
Debt interest
Current grants, subsidies and other transfers



[1]Including borrowing matched by on-lending to local authorities and public corporations.

Sector financial accounts

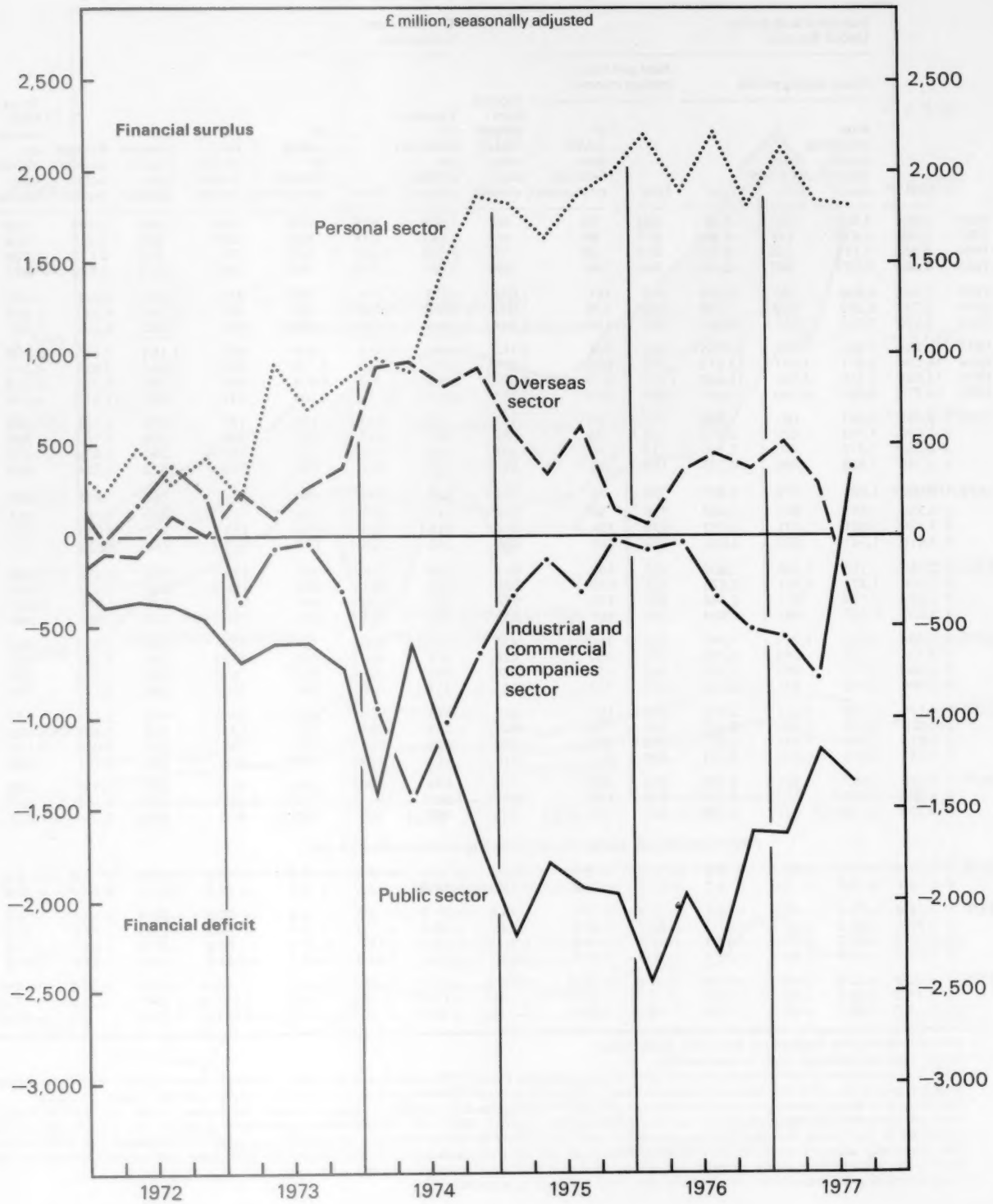
Seasonally adjusted

£ million

	Public sector[1]			Financial companies and institutions			Industrial and commercial companies		
	Saving[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]	Saving[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]	Saving[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]
1973	3,312	— 5	5,892	882	— 76	1,298	7,442	347	8,589
1974	2,776	— 32	7,601	783	— 66	1,432	7,829	333	12,225
1975	2,161	— 87	9,932	690	— 16	1,697	8,064†	403	9,261
1976	2,813	—170	10,972	1,099†	—129	2,048	11,577	359	12,908
1973 *1*	808	— 18	1,500†	257	— 18	267	1,621	82	2,072
2	808	— 23	1,365	174	— 9	322	1,760	82	1,910
3	892	1	1,474	216	— 18	336	2,033	102	2,163
4	804	35	1,553	235	— 31	373	2,028	81	2,424
1974 *1*	309	8	1,756	249	— 15	368	2,030	86	3,063
2	1,185	— 23	1,748	173	— 18	349	1,937	87	3,476
3	806	— 25	1,915	139	— 17	340	1,964	78	3,059
4	476	8	2,182	222	— 16	375	1,898	82	2,627
1975 *1*	325	— 65	2,473	138	57	360	1,918	96	2,347
2	512	36	2,333	187	— 28	402	1,957	82	2,170
3	515	— 22	2,407	198	— 27	490	1,979	113	2,399
4	809	— 36	2,719	167	— 18	445	2,210†	112	2,345
1976 *1*	386	— 28	2,849	274†	— 18	458	2,486	94	2,656
2	835	— 45	2,729	198	— 24	480	2,892	97	3,027
3	444	— 40	2,680	312	— 25	568	3,038	80	3,462
4	1,148	— 57	2,714	315	— 62	542	3,161	88	3,763
1977 *1*	1,127	— 88	2,709	225	— 30	516	3,197	85	3,838
2	1,169	— 69	2,259	109	— 37	497	2,768	85	3,846
3	1,081	— 15	2,401	148	— 39	635	3,038	30	2,691
4									

	Personal sector			Net acquisition of financial assets[4]					
	Saving[2]	Capital transfers (net receipts)	Gross domestic capital formation[3]	Public sector	Financial companies and institutions	Industrial and commercial companies	Personal sector	Overseas sector[5]	Residual error[6]
1973	5,955	—325	2,943	—2,585	—492	— 800	2,687	942†	248†
1974	8,478	—310	2,974	—4,857	—715	—4,063	5,194	3,590	851
1975	11,313	—300	3,701	—7,858	—1,623	— 794†	7,312	1,614	750
1976	12,585	— 60	4,415	—8,329	—1,078†	— 972	8,110	1,107	1,163
1973 *1*	1,054	— 84	768	— 710†	— 28	— 369	202	208†	697†
2	1,696	— 69	682	— 580	—157	— 68	945	104	—244
3	1,534	— 86	751	— 581	—138	— 48	697	243	—173
4	1,671	— 86	742	— 714	—169	— 315	843	387	— 32
1974 *1*	1,789	— 79	740	—1,439	—134	— 947	970	830	720
2	1,785	— 75	809	— 586	—194	—1,452	901	942	389
3	2,208	— 76	670	—1,134	—218	—1,017	1,462	835	72
4	2,696	— 80	755	—1,698	—169	— 647	1,861	983	—330
1975 *1*	2,720	— 88	811	—2,213	—165	— 333	1,821	527	363
2	2,606	— 90	885	—1,785	—243	— 131	1,631	342	186
3	2,922	— 64	996	—1,914	—319	— 307	1,862	590	88
4	3,065	— 58	1,009	—1,946	—296	— 23†	1,998	155	112
1976 *1*	3,240	— 48	988	—2,491	—202†	— 76	2,204	47	518
2	2,964	— 28	1,046	—1,939	—306	— 38	1,890	345	48
3	3,391	— 15	1,165	—2,276	—281	— 344	2,211	377	313
4	2,990	31	1,216	—1,623	—289	— 514	1,805	338	283
1977 *1*	3,300	33	1,196	—1 670	—321	— 556	2,137	505	— 95
2	3,080	21	1,258	—1,159	—425	— 793	1,843	364	170
3	3,125	24	1,347	—1,335	—526	377	1,802	—483	165
4								—351	—351

[1] Excluding financial transactions in writing-off debt. [2] Before providing for depreciation stock appreciation and addition to reserves.
[3] Comprises gross domestic fixed capital formation and increase in value of stocks and work in progress. [4] This balance is equal to saving *plus* capital transfers *less* gross domestic fixed capital formation *less* increase in value of stocks and work in progress. [5] Equals, apart from the change in sign. the current balance of payments accounts, *plus* capital transfers. [6] The residual error in the national income accounts

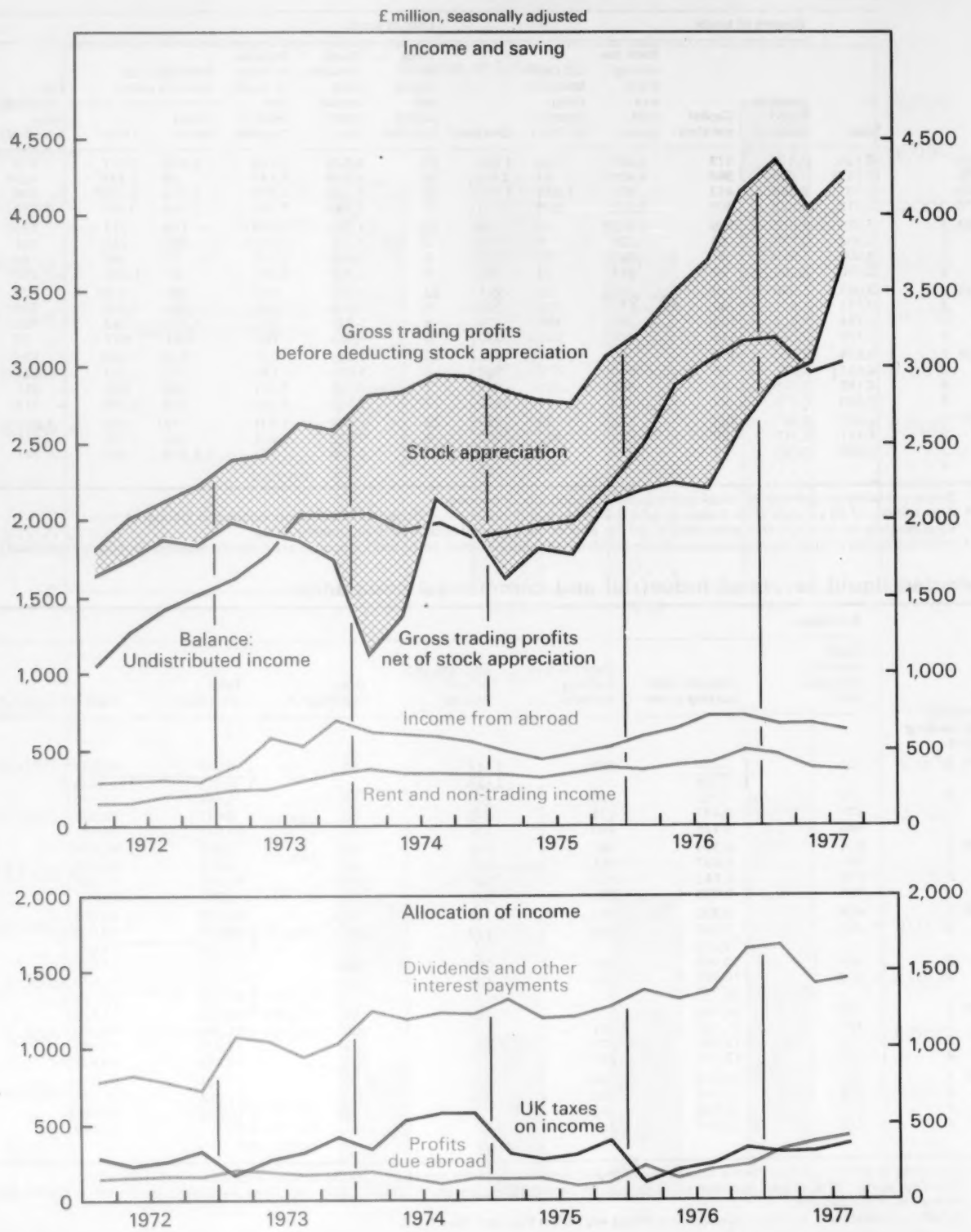

£ million, seasonally adjusted
2,500
2,000
1,500
1,000
500
0
−500
−1,000
−1,500
−2,000
−2,500
−3,000
Financial surplus
Financial deficit
Personal sector
Overseas sector
Industrial and commercial companies sector
Public sector
1972
1973
1974
1975
1976
1977

Appropriation account of industrial and commercial companies

£ million Seasonally adjusted

		Income						Allocation of income						
		Income arising in the United Kingdom						Dividends and interest, etc.						
		Gross trading profits			Rent and non-trading income									
		Total	After deducting stock appreciation	Stock appreciation	Total[1]	Total	*of which* from financial companies[2]	Income from abroad (net of taxes paid abroad)	Payments of dividends on ordinary shares[3]	Other	*of which* to financial companies[2]	Profits due abroad (net of UK tax)	UK taxes on income (payments)[4]	Balance undistributed income[5]	Taxes paid abroad on income from abroad[2]
1966		5,955	4,654	297	4,951	363	99	641	1,509	923	555	199	625	2,699	*459*
1967		6,003	4,819	145	4,964	377	96	662	1,463	941	548	206	941	2,452	*514*
1968		6,853	5,157	485	5,642	456	139	755	1,434	1,067	656	311	919	3,122	*705*
1969		7,604	5,573	582	6,155	504	165	945	1,554	1,219	756	259	1,013	3,559	*819*
1970		7,983	5,558	888	6,446	513	151	1,024	1,378	1,301	799	322	1,297	3,685	*1,041*
1971		8,733	6,353	832	7,185	525	135	1,023	1,530	1,320	792	397	1,104	4,382	*1,334*
1972		9,920	7,098	1,066	8,164	642	196	1,114	1,524	1,510	969	549	1,082	5,255	*1,592*
1973		13,266	7,498	2,553	10,051	1,057	501	2,158	1,638	2,365	1,806	665	1,156	7,442	*2,359*
1974		15,184	6,571	4,941	11,512	1,353	695	2,319	1,469	3,340	2,716	524	2,022	7,829	*4,012*
1975		14,691	7,315	4,140	11,455	1,353	619	1,883	1,608	3,309	2,674	447	1,263	8,064	*3,414*
1976		18,778	9,255	5,300	14,555	1,668	802	2,655	1,895	3,772	3,120	747	887	11,577	*4,038*
1972	*1*	2,201	1,647	161	1,808	137	30	256	437	323	196	127	279	1,035	*360*
	2	2,436	1,742	270	2,012	140	34	284	461	347	221	135	226	1,267	357
	3	2,582	1,870	250	2,120	173	60	289	352	406	270	141	254	1,429	*415*
	4	2,701	1,839	385	2,224	192	72	285	274	434	282	146	323	1,524	*460*
1973	*1*	3,008	1,985	415	2,400	224	96	384	526	505	386	188	168	1,621	*494*
	2	3,224	1,911	517	2,428	226	90	570	511	522	392	171	260	1,760	*484*
	3	3,424	1,861	771	2,632	278	134	514	319	609	454	151	312	2,033	*614*
	4	3,610	1,741	850	2,591	329	181	690	282	729	574	155	416	2,028	*777*
1974	*1*	3,767	1,119	1,686	2,805	352	192	610	432	792	647	170	343	2,030	*938*
	2	3,759	1,372	1,457	2,829	332	170	598	355	811	657	126	530	1,937	*1,065*
	3	3,855	2,133	811	2,944	339	172	572	357	855	691	103	576	1,964	*1,029*
	4	3,803	1,947	987	2,934	330	161	539	325	882	721	125	573	1,898	*980*
1975	*1*	3,644	1,623	1,219	2,842	327	150	475	431	868	711	123	304	1,918	*886*
	2	3,524	1,819	968	2,787	308	130	429	377	800	641	123	267	1,957	*852*
	3	3,563	1,771	982	2,753	342	157	468	389	801	637	97	297	1,979	*976*
	4	3,960	2,102	971	3,073	376	182	511	411	840	685	104	395	2,210	*700*
1976	*1*	4,170	2,198	1,017	3,215	359	157	596	523	839	672	206	116	2,486	*927*
	2	4,528	2,242	1,250	3,492	396	178	640	445	858	697	138	195	2,892	*965*
	3	4,823	2,200	1,497	3,697	418	200	708	414	946	776	191	234	3,038	*1,113*
	4	5,357	2,615	1,536	4,151	495	267	711	513	1,129	975	212	342	3,161	*1,033*
1977	*1*	5,483	2,919	1,451	4,370	456	229	657	584	1,082	910	314	306	3,197	*949*
	2	5,068	3,030	999	4,029	378	153	661	500	911	756	369	320	2,968	*997*
	3	5,259	3,733	537	4,270	361	140	628	562	886	738	408	365	3,038	*975*
		Percentage change, quarter on corresponding quarter of previous year													
1975	*3*	*− 7·6*	*−17·0*	*+21·1*	*− 6·5*	*+ 0·9*	*− 2·9*	*−18·2*	*+ 9·0*	*− 6·3*	*− 7·8*	*− 5·8*	*−48·4*	*+ 0·8*	*− 5·2*
	4	*+ 4·1*	*+ 8·0*	*− 1·6*	*+ 4·7*	*+13·9*	*+13·0*	*− 5·2*	*+26·5*	*− 4·8*	*− 5·0*	*−16·8*	*−31·1*	*+16·4*	*−28·6*
1976	*1*	*+14·4*	*+35·4*	*−16·6*	*+13·1*	*+ 9·8*	*+ 4·7*	*+25·5*	*+21·3*	*− 3·3*	*− 5·5*	*+ 67·5*	*−61·8*	*+29·6*	*+ 4·6*
	2	*+28·5*	*+23·3*	*+29·1*	*+25·3*	*+28·6*	*+36·9*	*+49·2*	*+18·0*	*+ 7·3*	*+ 8·7*	*+ 12·2*	*−27·0*	*+47·8*	*+13·3*
	3	*+35·4*	*+24·2*	*+52·4*	*+34·3*	*+22·2*	*+19·8*	*+51·3*	*+ 6·4*	*+18·1*	*+21·8*	*+ 96·9*	*−21·2*	*+53·5*	*+14·0*
	4	*+35·3*	*+24·4*	*+58·2*	*+35·1*	*+31·6*	*+46·7*	*+39·1*	*+24·8*	*+34·4*	*+42·3*	*+103·8*	*−13·4*	*+43·0*	*+47·6*
1977	*1*	*+31·5*	*+32·8*	*+42·7*	*+35·9*	*+27·0*	*+45·9*	*+10·1*	*+11·7*	*+29·0*	*+35·4*	*+ 52·4*	*+163·8*	*+28·5*	*+ 2·4*
	2	*+11·9*	*+35·1*	*−20·1*	*+15·4*	*− 4·5*	*−14·0*	*+ 3·3*	*+12·4*	*+ 6·2*	*+ 8·5*	*+167·4*	*+ 64·1*	*+ 2·6*	*+ 3·3*
	3	*+ 9·0*	*+69·7*	*−64·1*	*+15·5*	*−13·6*	*−30·0*	*−11·3*	*+35·7*	*− 6·3*	*− 4·9*	*+113·6*	*+ 56·0*	*—*	*−12·4*

[1] Before providing for depreciation and stock appreciation.
[2] These items are included solely as memoranda.
[3] With the introduction of the imputation system of corporation tax from 6 April 1973 payments of dividends, previously shown gross of income tax, appear as actual payments, while the advance corporation tax in respect of those dividends is included in United Kingdom taxes on income.
[4] The residual of all companies payments and accruals of financial companies and institutions taxes on income. The former include payments of corporation tax (including advance corporation tax from 6 April 1973). Up to 5 April 1973 the balance of deductions of income tax from dividends over payments to the Inland Revenue is also deducted. In the third quarter of 1977 the amount of advance corporation tax included was £293 million. The seasonally adjusted series for all companies have been allocated between industrial and commercial companies and financial companies and institutions in proportion to the calendar year estimates of their accruals of taxes on income.
[5] Before providing for depreciation, stock appreciation and additions to reserves.


£ million, seasonally adjusted
Income and saving
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Gross trading profits
before deducting stock appreciation
Stock appreciation
Balance:
Undistributed income
Gross trading profits
net of stock appreciation
Income from abroad
Rent and non-trading income
1972
1973
1974
1975
1976
1977
Allocation of income
2,000
1,500
1,000
500
0
Dividends and other
interest payments
UK taxes
on income
Profits
due abroad
1972
1973
1974
1975
1976
1977

Sources and uses of capital funds of industrial and commercial companies

£ million

	Sources of funds						Uses of funds					
	Total	Undistributed income[1]	Capital transfers	Bank borrowing[2], loans and mortgages	UK capital issues by listed companies (net)	Overseas[3]	Taxes on capital and capital transfers	Gross domestic fixed capital formation	Increase in value of stocks and work in progress	Acquisition of financial assets: Liquid assets[4]	Acquisition of financial assets: Other[5]	Unidentified items (residual)
1973	15,136	7,442	373	5,299	188	1,834	26	4,825	3,764	2,494	3,217	810
1974	15,162†	7,829	364	4,491†	62	2,416	31	6,078	6,147	39	2,434	433†
1975	12,357	8,064†	442	881	1,085	1,885	39	6,983	2,278	1,764	2,099†	— 806
1976	17,819	11,578	401	2,852	808	2,181	42	7,745	5,163	1,952	3,957	—1,040
1974 *1*	4,089	1,612	105	1,466†	—	908	16	1,295	1,576	— 159	571	793†
2	3,952	2,136	83	1,229	— 9	513	3	1,431	1,953	237	223	104
3	3,509	1,813	87	982	18	610	6	1,565	1,569	— 70	385	54
4	3,610	2,268	89	814	53	385	6	1,787	1,049	31	1,255	— 517
1975 *1*	3,043	1,840	119	770	33	281	22	1,559	583	285	316†	278
2	2,734	1,871	82	170	329	280	5	1,623	508	— 388	1,209	— 226
3	2,784	1,812	123	— 280	356	774	6	1,947	463	1,398	— 243	— 786
4	3,797	2,541†	118	221	367	550	6	1,854	724	469	817	— 72
1976 *1*	3,634	2,700	116	— 69	230	658	22	1,546	837	103	990	136
2	4,637†	2,731	98	981	430	397	6	1,866	1,143	702	1,247	— 327
3	4,188	2,575	90	806	131	586	7	2,141	1,341	768	562	— 631
4	5,360	3,572	97	1,134	17	540	7	2,192	1,842	379	1,158	— 218
1977 *1*	4,942	3,240	109	712	30	851†	29	1,859	1,601	— 79†	282	1,250
2	4,641	2,712	90	840	327	672	8	2,323	1,402	281	1,193	— 566
3	3,999	2,523	53	583	182	659	19	2,425	377	1,019	902	— 741
4					104	588						

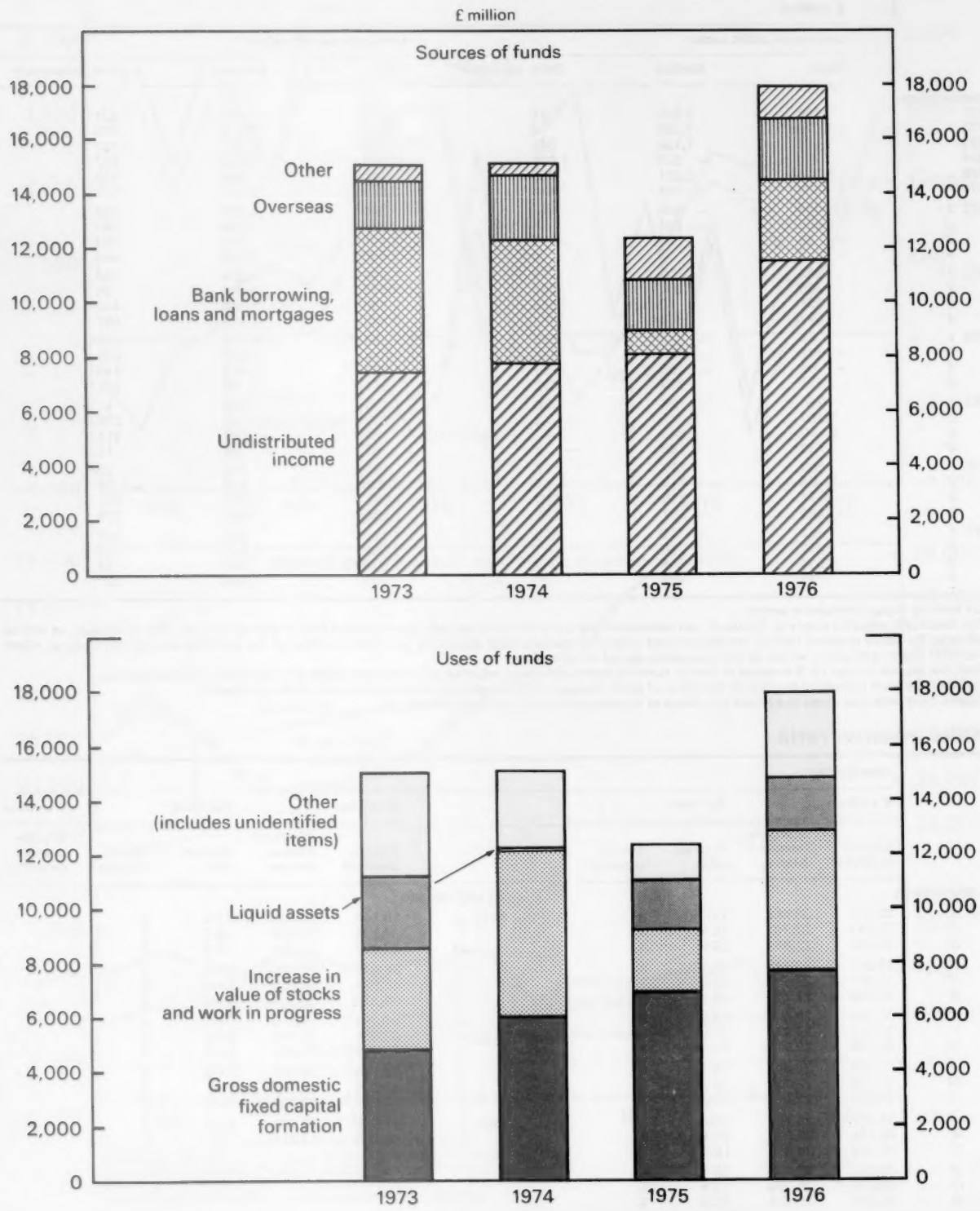
[1] Before providing for depreciation, stock appreciation and additions to reserves.
[2] After addition of 40 per cent of the excess of debit over credit transit items. [3] Other than investments included in UK capital issues.
[4] Bank deposits are included after subtraction of 60 per cent of the excess of debit over credit transfer items.
[5] Including figures of large companies transactions in British government securities (for further information see *Financial Statistics Explanatory handbook).*

Selected liquid assets of industrial and commercial companies

£ million

Amounts outstanding at end:	Local authority temporary debt	Deposits with banking sector[1,2]	Deposits with building societies	Deposits with finance houses[1]	Other identified[1,3]	Total identified[1]	Bank advances[1,4]
1973 *1*	395	7,230 / 7,225	183	182 / 180	88	8,078 / 8,071	10,551 / 10,649
2	472	7,202	200	205	87	8,166	11,370
3	488	8,487	175	242	85	9,477	12,561
4	483	9,126	160	217	85	10,071	14,421
1974 *1*	519	8,949	161	176	54	9,859	15,423
2	509	8,897	166	193	52	9,817	16,772
3	518	9,142	172	157	168	10,157	17,387
4	484	9,038	180	122	97	9,921	18,019
1975 *1*	424	9,336	181	163	58	10,162	18,316
2	415	9,269 / 9,473	183	173	115 / 112	10,155 / 10,356	19,049 / 17,489
3	434	10,409	184	159	385	11,571	17,562
4	459	10,767 / 10,757	185	136	355	11,902 / 11,892	17,679 / 17,727
1976 *1*	443	10,739	222	183	566	12,153	17,726
2	425	11,182	251	193	700	12,751	19,206
3	414	12,180	273	203	443	13,513	19,955
4	579	12,376	289	210	389	13,843	20,923
1977 *1*	477	12,378	304†	202	360	13,721†	21,255
2	388	12,665	336	229	397	13,956	21 955
3	317	13,134	363	226	736†	14,852	22,065†
4	229	14,097	401				22,449

[1] The breaks in series result from further information regarding holdings by sector and changes to the banking and finance houses sectors.
[2] From 2nd quarter 1973 includes identified holdings of dollar certificates of deposit. [3] Treasury bills, tax reserve certificates, tax deposit accounts, and certificates of tax deposits.
[4] Including refinanceable export and shipbuilding credits with effect from mid-May 1972.


£ million
Sources of funds
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
Other
Overseas
Bank borrowing, loans and mortgages
Undistributed income
1973
1974
1975
1976
Uses of funds
Other (includes unidentified items)
Liquid assets
Increase in value of stocks and work in progress
Gross domestic fixed capital formation

Bank lending[1] to UK residents

Seasonally adjusted[2]

£ million

	Lending to public sector			Lending to private sector		
	Total	Sterling	Other currencies[3]	Total	Sterling	Other currencies[3]
Transactions						
1971	1,666	1,648	18	1,856	1,625	231
1972	−1,026	−1,030	4	6,434	5,511	923
1973	1,995	1,134	861	6,828	5,671	1,157
1974	701	− 370	1,071	4,671	3,734	937
1975	3,364	3,081	283	139	− 386	525
1976	271	− 163	434	3,515	3,137	378
1972 *1*[4]	− 316	− 316	—	1,549	1,395	154
2	− 630	− 634	4	1,847	1,604	243
3	− 59	− 54	− 5	1,145	963	182
4	− 8	− 13	5	1,880	1,536	344
1973 *1*[4]	362	319	43	1,523	1,234	289
2	498	261	237	1,072	1,021	51
3	331	− 12	343	2,190	1,780	410
4	647	409	238	2,200	1,793	407
1974 *1*	86	− 177	263	1,339	1,016	323
2	− 441	− 657	216	1,514	1,289	225
3	− 165	− 265	100	1,507	1,359	148
4	1,221	729	492	311	70	241
1975 *1*	204	− 94	298	139	180	− 41
2[5]	1,390	1,402	− 12	207	− 32	239
3	1,640	1,640	—	− 124	− 438	314
4[4]	130	133	− 3	− 83	− 96	13
1976 *1*	200	183	17	150	173	− 23
2	− 64	− 118	54	808	846	− 38
3	777	619	158	1,233	1,022	211
4	− 452	− 657	205	1,134	906	228
1977 *1*	388	− 115	503	1,146	586	560
2	250	250	—	1,262	1,105	157
3	1,094	845	249	834	769	65
4	745	815	− 70	1,471	1,050	421

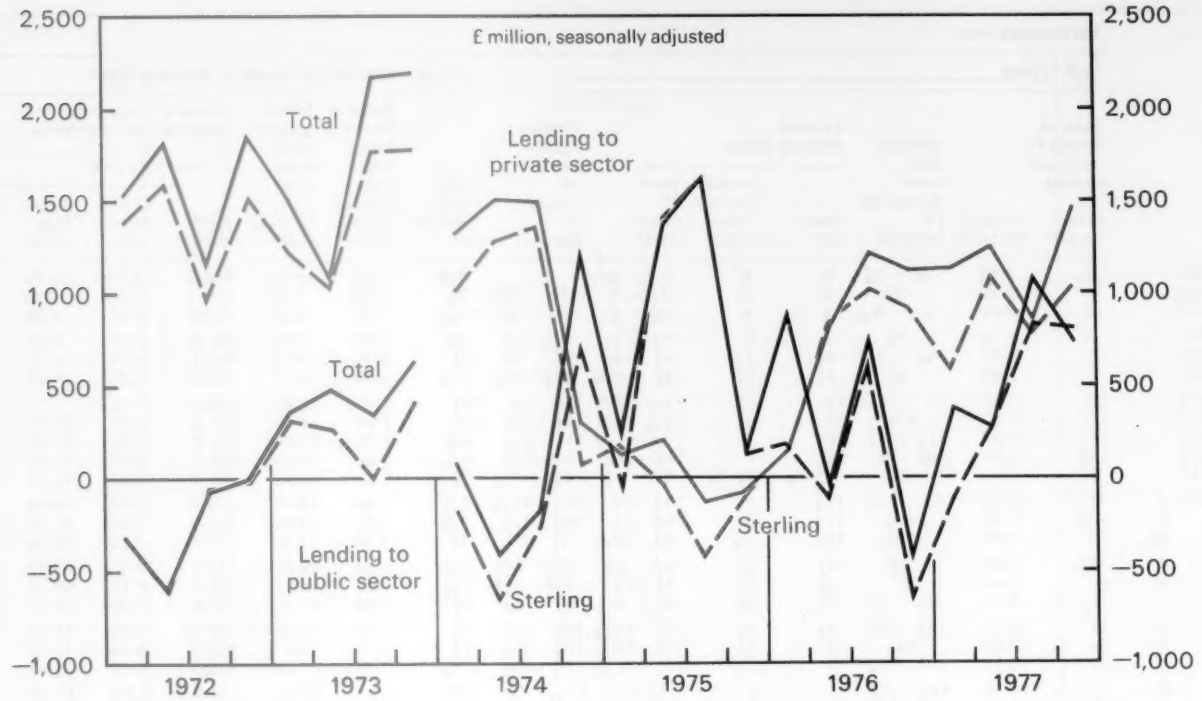
[1] UK banking sector: changes in assets.
[2] The seasonally adjusted quarterly figures do not necessarily add up to the (unadjusted) figures shown for the year as a whole. This is because, as well as allowing for purely seasonal factors, the adjustments attempt to remove other distortions (such as the effect of the particular days of the week on which a quarter begins and ends), which do not necessarily cancel out over a year.
[3] From the second quarter 1975 changes in foreign currency assets have been adjusted to exclude the effect of movements in exchange rates.
[4] Figures have been calculated to exclude the effect of small changes in the number of contributors to the banking statistics.
[5] Figures have been calculated to exclude the effects of the introduction of new statistical returns.

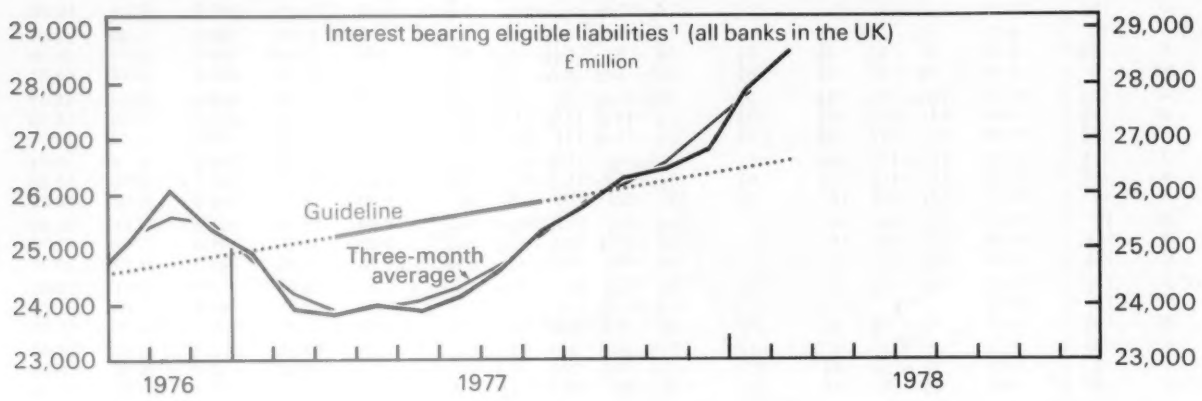
Banks' reserve ratio

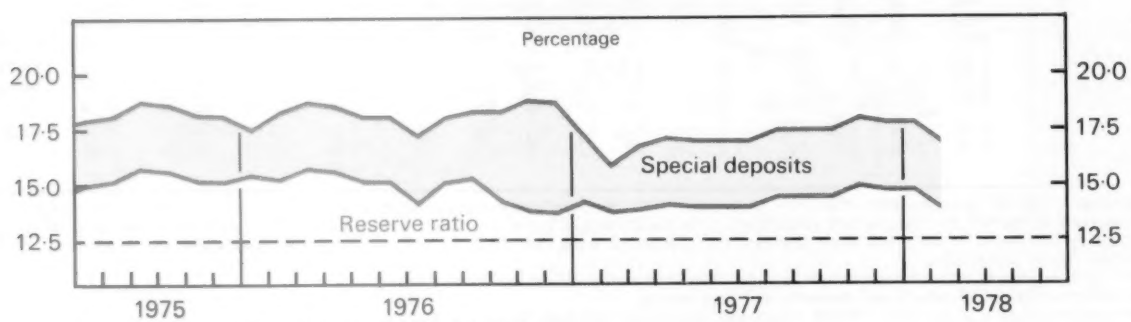
Unadjusted

	£ million		Per cent		£ million	Per cent		£ million
	Eligible liabilities	*of which:* Interest bearing[1]	Reserve ratio	Special deposits[2]	Supplementary deposits[2]
At mid-month								
1975 *J*	33,205	23,151	15·0	3	
A	33,044	22,767	15·1	3	
S	32,987	22,851	15·9	3	
O	33,367	22,986	15·7	3	
N	33,451	23,033	15·2	3	
D	33,345	22,764	15·1	3	
1976 *J*	33,046	22,509	15·5	2	
F	33,204	22,929	15·4	3	
M	33,106	22,551	15·8	3	
A	33,907	22,803	15·6	3	
M	33,738	22,739	15·2	3	
J	34,026	23,111	15·2	3	
J	34,987	23,761	14·2	3	
A	35,184	23,955	15·1	3	
S	35,795	24,390	15·4	3	
1976 *O*	36,622	25,215	14·4	4	
N	37,260	26,068	13·9	5	
D	36,877	25,424	13·8	5	
At mid-month					
1977 *J*	36,147	24,996	14·4	3	
F	34,834	23,916	13·8	2	
M	34,977	23,840	13·9	3	
A	35,843	24,010	14·2	3	
M	35,824	23,938	14·0	3	1
J	36,279	24,221	14·0	3	—
J	37,094	24,670	14·0	3	1
A	37,691	25,318	14·5	3	
S	38,793	25,802	14·5	3	
O	39,704	26,314	14·5	3	
N	40,205	26,492	15·1	3	
D	40,833	26,785	14·8	3	
1978 *J*	41,632	27,942	14·8	3	
F	42,224	28,617	14·0	3	

[1] Banks in Northern Ireland were excluded up to the first figure for May 1975. [2] Not yet applicable to banks in Northern Ireland.







[1] Supplementary special deposits will have to be paid by banks and deposit-taking finance houses, according to growth in excess of the guideline, at rates of 5 per cent (up to 3 per cent excess), 25 per cent (over 3 and up to 5 per cent excess) and 50 per cent (above 5 per cent excess) of interest-bearing eligible liabilities.

Interest rates, security prices and yields

Percentage rate

		Last Friday							Last working day	Average of working days			
		Bank of England's minimum lending rate to the market[1]	Treasury bill yield[2]	Deposits with local authorities (3 months)[3]	London clearing banks: Base rate	London clearing banks: Deposit account: 7 days' notice[4]	Inter-bank (3 month rate)[5]	Sterling certificates of deposit (3 months)	Euro-dollar 3-month rate	Building Societies Association recommended rate on shares[6]	British government securities 2½% Consols yield	*Financial Times* index of industrial ordinary shares: 1 July 1935=100 — Price index	Dividend yield	Earnings yield[7]
1967		8	7·63	7¾ – 7⅞	8	6	8 1/16 – 8 3/16	..	6 5/16	4·25	6·69	355·0	5·36	6·69
1968		7	6·89	7¾	7	5	7 13/16 – 8	7⅞ – 7 13/16	7½	4·50	7·39	463·3	4·05	4·99
1969		8	7·80	9 – 9 1/16	8	6	9⅜ – 9½	9½ – 9¾	11 5/16	5·00	8·88	419·8	4·43	5·82
1970		7	6·93	7¼	7	5	7⅛ – 7¼	7 3/16 – 7 5/16	7 7/16	5·00	9·16	361·0	4·75	6·54
1971		5	4·46	4½ – 4⅝	4½	2½	4⅜ – 4½	4⅜ – 4½	5⅜	5·00	9·05	386·2	4·76	6·21
1972		9	8·48	8¾	7½	5¼	8⅞ – 9 1/16	8 13/16 – 9 1/16	5 11/16	5·25	9·11	503·8	3·26	4·98
1973		13	12·82	16 –16½	13	9½	16 1/16 –16 3/16	15⅜ –16	10⅜	7·50	10·85	435·6	4·12	..
1974		11½	11·30	13¼	12	9½	12 1/16 –12 3/16	12⅜ –12¾	10½	7·50	14·95	251 2	8·23	21·47
1975		11½	10·93	11¼ –11⅜	11	7	11 1/16 –11 3/16	11 –11¼	6 1/16	7·00	14·66	311·0	6·81	19·49
1976		14½	13·98	14¾ –15	14	11	14¼ –14⅜	14 1/16 –14¼	5 1/16	7·80	14·25	368·0	5·96	17·61
1977		7		6¾	6¾–7½	3½–4½	6 9/16 – 6¾	6⅝ – 6 7/16	7⅛	6·00	12·32	452·3	5·42	16·50
1975	*J*	11	10·58	12 –12¼	11½	9½	11⅜ –12	11 1/16 –11 3/16	7 7/16	7·50	16·03	183·7	10·99	30·28
	F	10½	10·01	11½	11½	9	10⅜ –11	10⅜ –10⅝	7 1/16	7·50	14·94	262·6	7·56	21·66
	M	10	9·59	10½	10½	7½	9⅞ –10 1/16	9⅞ –10	7⅛	7·50	13·92	292·6	6·80	20·35
	A	9¾	9·46	9¾	9½	6½	9 5/16 – 9⅜	9 1/16 – 9 1/16	6 1/16	7·50	14·58	314·9	6·51	19·30
	M	10	9·67	10	9½	6½	9⅞ –10	9 1/16 – 9 1/16	6 1/16	7·50	15·22	339·0	6·12	18·09
	J	10	9·71	9½ – 9⅝	9½	6¼	9⅜ – 9 1/16	9⅜ – 9⅜	6¼	7·00	14·70	332·6	6·06	18·07
	J	11	10·72	10½ –10⅝	9½	6½	10⅜ –10 11/16	10½ –10⅜	7½	7·00	14·06	304·4	6·68	19·62
	A	11	10·66	10½	10	6½	10⅜ –10 5/16	10⅜ –10½	7⅜	7·00	14·12	298·3	6·94	19·91
	S	11	10·76	10⅜ –10⅞	10	6½	10½ –10 11/16	10⅜ –10⅜	7 15/16	7·00	14·08	328·9	6·31	17·58
	O	12	11·74	11⅜ –11⅝	11	7	11 9/16 –11⅝	11 7/16 –11½	6 1/16	7·00	14·90	341·9	6·14	16·88
	N	11½	11·30	11⅜ –11 7/16	11	7	11⅛ –11⅜	11 5/16 –11 3/16	7 1/16	7·00	14·79	367·9	5·76	16·02
	D	11¼	10·93	11¼ –11⅜	11	7	11 1/16 –11 3/16	11 –11⅛	6 1/16	7·00	14·86	365·8	5·74	15·98
1976	*J*	10	9·52	9⅞ – 9 15/16	10½	6½	9⅜ – 9 1/16	9 7/16 – 9½	5⅝	7·00	13·78	397·0	5·30	14·91
	F	9½	8·80	9 – 9⅛	9½	5½	8⅜ – 8⅝	8 1/16 – 8 1/16	5⅜	7·00	13·54	404·2	5·17	14·99
	M	9	8·60	8⅜ – 8½	9½	5½	8 5/16 – 8 1/16	8 1/16 – 8 5/16	5 1/16	7·00	13·95	404·7	5·12	15·01
	A	10½	10·20	10½ –10½	9½	5½	9 1/16 –10 1/16	9⅞ – 9 1/16	5 9/16	7·00	13·97	406·0	5·13	15·17
	M	11½	11·31	11½ –11⅝	10½	6½	11¼ –11 1/16	11 5/16 –11 7/16	6⅛	6·50	13·72	406·6	5·26	15·19
	J	11½	11·30	11⅛ –11¼	10½	6½	11⅛ –11 7/16	11¼ –11⅜	6 1/16	6·50	14·01	378·6	5·69	16·14
	J	11½	11·17	11 3/16 –11¼	10½	6½	11 3/16 –11¼	11 3/16 –11¼	5 13/16	6·50	13·95	383·8	5·74	16·44
	A	11½	11·25	11¼ –11⅜	10½	6½	11⅛ –11 5/16	11 3/16 –11¼	5 1/16	6·50	14·11	368·1	6·03	17·55
	S	13	12·74	12¾ –12⅞	12	8½	12½ –12¾	12½ –12⅝	5⅝	6·50	14·47	344·0	6·52	19·23
	O	15	14·97	15¼ –15½	14	11	15⅛ –15⅜	15 3/16 –15½	5 7/16	6·50	15·43	293·6	7·61	23·07
	N	14¾	14·54	15 –15½	14	11	14¾ –14 13/16	14 5/16 –14 7/16	5 5/16	7·80	15·22	301·0	7·28	22·66
	D	14¼	13·98	14¾ –15	14	11	14⅛ –14⅜	14 1/16 –14⅛	5 1/16	7·80	14·82	328·6	6·67	20·91
1977	*J*	12½	12·09	12⅜ –13⅜†	13	9½	12⅛ –12⅜	12 –12 1/16	5½	7·80	13·67	374·7	6·01	18·69
	F	12	11·06	11⅞	11½	8	11 5/16 –11 9/16	11⅛ –11 5/16	5 3/16	7·80	13·47	393·8	5·83	18·77
	M	10½	9·57	9½ – 9⅝	9½	6½	9⅜ – 9 1/16	9 5/16 – 9⅜	5 3/16	7·80	12·85	418·2	5·39	16·91
	A	8½	7·64	8½	9	4½	7 11/16 – 8 1/16	7 1/16 – 7⅛	5 1/16	7·80	12·55	415·1	5·51	16·82
	M	8	7·57	7⅜ – 7⅝	8½	4	7 1/16 – 7 1/16	7 1/16 – 7⅛	6 1/16	7·00	12·41	456·7	5·08	15·54
	J	8	7·60	7⅛ – 8	8½	4	7⅛ – 8	7⅛ – 7 1/16	5 1/16	7·00	12·85	450·5	5·19	15·83
	J	8	7·44	7⅜ – 7⅝	8½	4	7⅜ – 7 11/16	7 5/16 – 7 1/16	6¼	6·70	13·11	443·1	5·37	16·09
	A	7	6·52	6⅜ – 6½	8	4	6⅜ – 6½	6⅜ – 6 1/16	6⅜	6·70	12·56	478·6	5·23	15·26
	S	6	5·37	5 1/16 – 5⅛	7	3	5⅜ – 5 1/16	5⅜ – 5 3/16	6 3/16	6·70	11·52	522·8	5·08	14·98
	O	5	4·53	4⅜ – 5	6	3	4 3/16 – 5	4 3/16 – 4 5/16	7½	6·70	10·84	511·9	5·26	15·55
	N	7	6·53	6½	6	3	6¼ – 7⅛	6⅜ – 6 11/16	7 3/16	6·00	11·04	480·5	5·56	16·72
	D	7	6·39	6½	6½–7½	3½–4½	6 9/16 – 6½	6⅜ – 6 7/16	7⅛	6·00	10·90	481·6	5·56	16·83
1978	*J*	6½	5·85	6¼ – 6 5/16	6½	3	6 5/16 – 6½	6¼ – 6¼	7 13/16	6·00	10·67	482·3	5·57	16·96
	F	6½	6·07	6⅜ – 6½	6½	3	6⅜ – 6⅜	6⅜ – 6⅜	7 1/16	5·50	11·21	457·9	5·85	17·74
	M									5·50				

[1] Previously known as Bank rate. With effect from 13 October 1972, the Bank's minimum lending rate to the market will normally be ½% higher than the average rate of discount for Treasury bills established at the weekly tender, rounded to the nearest ¼% above; the rate normally becomes effective, for lending by the Bank, from the following Monday. For changes in Bank rate 1932–72 see *Supplement of Definitions and Explanatory Notes* to *Monthly Digest of Statistics*.

[2] Average discount rate expressed as the rate at which interest is earned during the life of the bills.

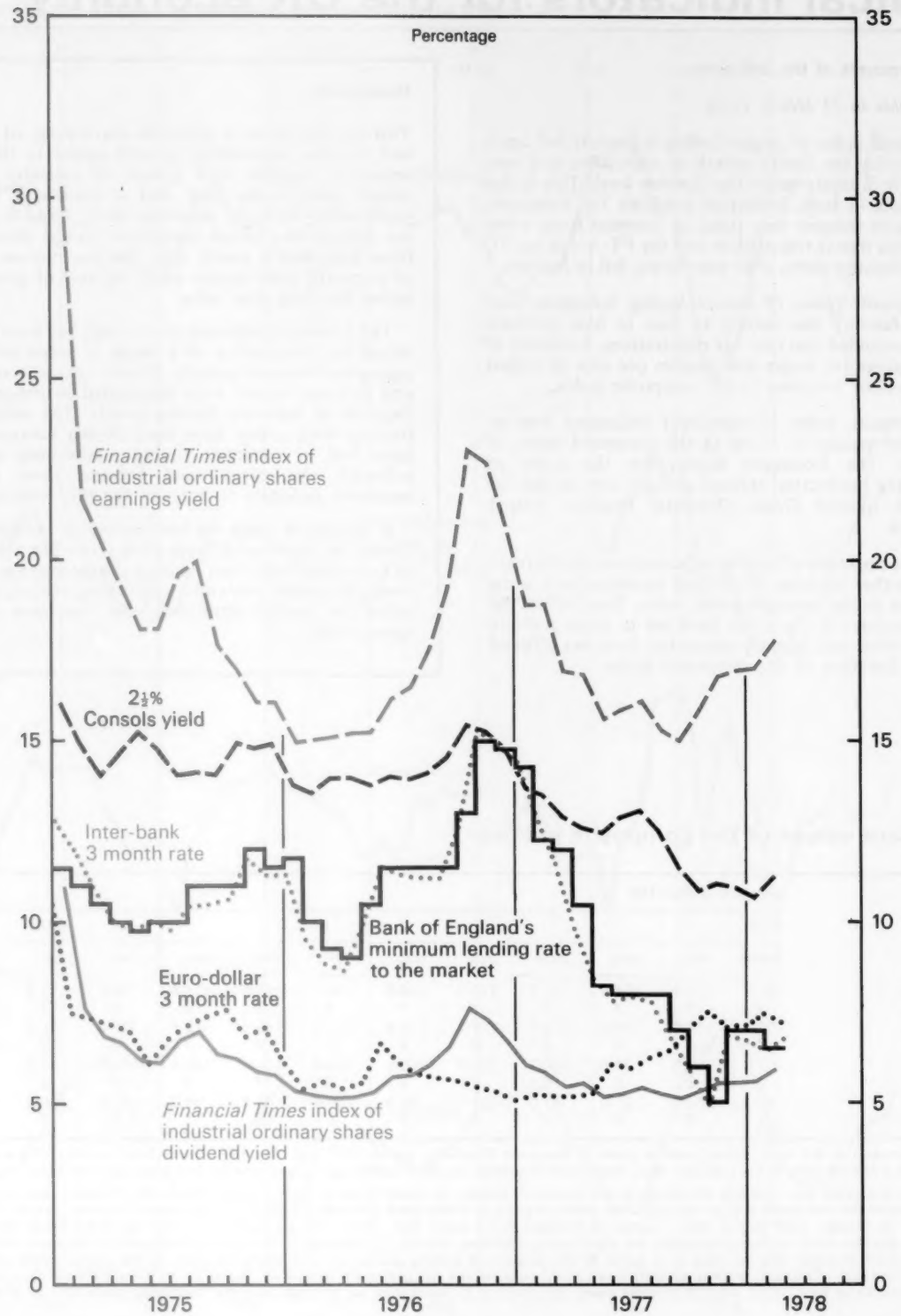
[3] For a minimum term of 3 months and thereafter at 7 days' notice.

[4] Rate paid on deposits of less than £10,000, which was restricted to 9½% from September 1973 to 28 February 1975.

[5] Spread of rates over the day in the inter-bank sterling market.

[6] Net of income tax where this is paid by societies at the agreed composite rate.

[7] A change in basis of calculation of the Earnings yield occurred on 26 February 1973 and is explained in *Financial Statistics Explanatory handbook*. No meaningful average for the month of February is therefore available.


Percentage
35
30
25
20
15
10
5
0
Financial Times index of industrial ordinary shares earnings yield
2½% Consols yield
Inter-bank 3 month rate
Bank of England's minimum lending rate to the market
Euro-dollar 3 month rate
Financial Times index of industrial ordinary shares dividend yield
1975
1976
1977
1978

Cyclical indicators for the UK economy

Recent movements of the indicators

(data available to 13 March 1978)

The composite index of *longer leading* indicators fell again in February for the fourth month in succession and now stands nearly 5 points below the October level. This is due to movements in both indicators available for February: the short term interest rate (used in inverted form when computing the index) rose slightly and the FT-Actuaries 500 index fell. Housing starts, after smoothing, fell in January.

The composite index of *shorter leading* indicators rose slightly in January due mainly to rises in hire purchase new credit extended and new car registrations. Inclusion of the latest figures for wages and salaries per unit of output has led to minor revisions to the composite index.

The composite index of *coincident* indicators rose in January, due mainly to a rise in the smoothed series of retail sales. The December figures for the index of manufacturing production showed a slight rise, as did the 1977 fourth quarter Gross Domestic Product, output based figures.

The composite index of *lagging* indicators rose in February due to a further increase in unfilled vacancies and some improvement in the unemployment series. New values for other components of the index have led to some revision of the December and January values but have not affected the overall direction of the composite index.

Definitions[1]

This section shows a reference chronology of peaks and troughs representing growth cycles in the UK economy, together with groups of indicator series which have in the past had a consistent timing relationship with the reference cycle. Growth cycles are defined as cyclical movements in the deviations from a long-term trend; thus, the contraction phase of a growth cycle occurs when the rate of growth is below this long-term value.

The historical reference chronology has been determined by examination of a range of series covering aggregate economic activity. Known special economic and climatic factors were discounted in judging the location of reference turning points. The indicators forming each group have been chosen because they have had a consistent timing relationship to the reference chronology, and because there is an economic rationale to account for this relationship.

A composite index for each group of indicators is formed by subtracting from each series the values of its long-term trend, then taking a simple average of the trend-eliminated series after smoothing, scaling to give cycles of similar amplitude and inversion where appropriate.

Most recent values of the composite indices [2]

January 1970 = 100

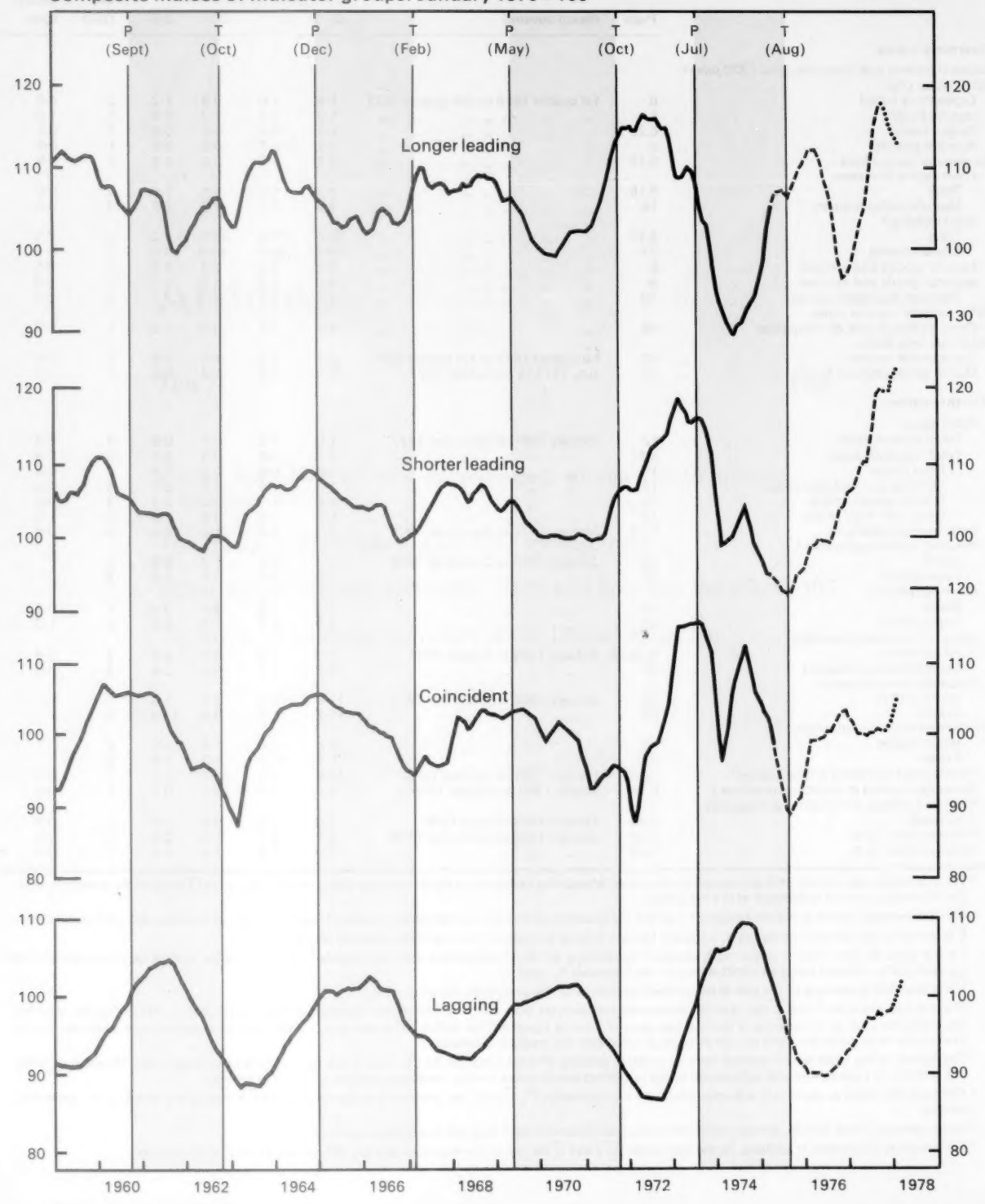
	1977										1978	
	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
Longer leading	101·9	103·6	104·8	107·7	110·7	114·9	116·6	117·5	116·4	114·6	113·8	112·9
	4	*4*	*4*	*4*	*4*	*4*	*4*	*3*	*3*	*3*	*3*	*2*
Shorter leading	109·2	110·2	110·2	112·7	115·7	119·4	119·9	119·4	119·8	121·9	122·6	
	5	*5*	*5*	*5*	*5*	*5*	*5*	*4*	*4*	*3*	*2*	
Coincident	99·8	99·8	99·6	100·2	100·2	100·6	100·4	100·4	101·4	102·5	104·8	
	6	*6*	*6*	*6*	*6*	*6*	*6*	*4*	*4*	*4*	*2*	
Lagging	95·3	96·0	97·0	97·0	97·1	97·8	97·6	97·9	98·2	98·8	100·4	101·8
	5	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*4*	*2*	*2*

[1] A full explanation of the methodology used is given in *Economic Trends* for March 1975 and May 1976. Each month a chart of the composite indicators is published with, in the February, May, August and November issues, a further eight pages showing individual indicator series.

[2] In the table, the upper row presents the values of the composite indices for recent months, the lower row the number of series used to form each index. Values of the composite indices are published solely in order to show more precisely the shape of the graphs in recent months. The values are subject to revision each month, both because of revisions to the series from which they are formed and because of the nature of the trend-elimination process used in their calculation; no significance, therefore, should be attached to the current levels of the indicators, although the month-to-month changes may be used as a guide to the location of turning points. On the charts the parts of the curves which are liable to revision in the trend-elimination process are shown in pecked lines; where the composite indices are based on an incomplete set of indicators, the curves are shown as dotted lines. Additional tables giving the values of all series used are available from the CSO Press Office. 01-233 6193.

Cyclical indicators

Composite indices of indicator groups. January 1970=100



P = Peak T = Trough

Measures of variability of selected economic series[1]

	Page	Period covered	Average percentage changes $\overline{CI}$	$\overline{I}$	$\overline{C}$	$\overline{I}/\overline{C}$	MCD or QCD	$\overline{I}/\overline{C}$ for MCD (or QCD) span
Quarterly series								
National income and components at 1970 prices								
GDP, factor cost								
Expenditure based	6	1st quarter 1966 to 2nd quarter 1977	1·4	1·0	0·9	1·2	2	0·5
Income based	6	" " " " " " "	1·7	1·1	1·2	1·0	1	1·0
Output based	6,28	" " " " " " "	1·0	0·6	0·7	0·8	1	0·8
Average estimate	6	" " " " " " "	1·2	0·7	0·8	0·9	1	0·9
Consumers' expenditure	8,10	" " " " " " "	1·2	0·7	0·8	0·9	1	0·9
Fixed capital formation								
Total	8,16	" " " " " " "	2·2	1·7	1·1	1·5	2	0·6
Manufacturing industry	18	" " " " " " "	3·8	2·7	2·3	1·2	2	0·4
Stockbuilding[2]								
Total	8,22	" " " " " " "	*99·5*	*73·9*	*60·3*	1·2	2	0·6
Manufacturing	22	" " " " " " "	*76·2*	*50·8*	*40·6*	1·2	2	0·6
Exports: goods and services	8	" " " " " " "	3·8	3·2	2·1	1·5	2	0·5
Imports: goods and services	8	" " " " " " "	3·0	2·2	1·8	1·3	2	0·4
Personal disposable income	10	" " " " " " "	1·6	1·1	1·1	1·1	2	0·3
Other national income series								
Gross trading profits of companies	58	" " " " " " "	4·0	2·6	3·3	0·8	1	0·8
Other quarterly series								
Construction output	30	1st quarter 1963 to 4th quarter 1976	2·0	1·2	1·4	0·9	1	0·9
Money stock (sterling M_3)[3]	50	July 1971 to December 1977	1·3	0·6	1·2	0·5	1	0·5
Monthly series								
Retail sales								
Total: current prices	12	January 1961 to December 1977	1·0	0·6	0·7	0·9	1	0·9
Total: constant prices	5,12	" " " " "	0·7	0·6	0·3	2·5	3	0·9
Food shops	12	" " " " "	0·6	0·6	0·2	2·9	4	0·8
Clothing and footwear shops	12	" " " " "	2·0	1·9	0·4	5·6	6	0·9
Durable goods shops	12	" " " " "	1·8	1·7	0·7	2·2	3	0·8
Other non-food shops	12	" " " " "	1·1	1·0	0·3	2·8	3	1·0
Cars: new registrations	5,12	January 1971 to December 1977	7·8	7·4	1·6	4·6	6	0·9
Housing: public authorities[4]								
Starts	20	January 1956 to December 1976	11·7	11·4	1·7	6·8	6	
Completions	20	" " " " "	7·9	7·7	1·1	7·2	6	
Housing: private								
Starts	20	" " " " "	8·2	7·8	2·4	3·3	4	0·9
Completions	20	" " " " "	6·0	6·0	0·9	6·4	6	1·0
Index of industrial production:								
All industries	5,26,28	January 1968 to August 1976	1·0	0·9	0·4	2·6	4	0·8
Manufacturing industries	26	" " " " "	1·2	1·1	0·4	2·8	4	0·7
Passenger car production:								
Home market	32	January 1968 to December 1977	11·9	11·7	2·0	5·9	6	
Export	32	" " " " "	11·2	11·0	0·8	13·8	6	
Commercial vehicle production:								
Home market	32	" " " " "	9·2	8·9	1·4	6·2	6	
Export	32	" " " " "	11·0	10·8	1·5	7·4	6	
Unemployed excluding school-leavers[5]	5,36	January 1961 to January 1978	*13·5*	*4·5*	*12·2*	0·4	1	0·4
Vacancies notified to employment offices[5]	5,36	August 1960 to January 1978	*5·9*	*2·4*	*5·3*	0·5	1	0·5
Average earnings all industries and services covered	5,40	January 1963 to June 1976	1·0	0·4	0·9	0·5	1	0·5
Exports: value, f.o.b.	5,46	January 1964 to December 1976	3·1	2·7	1·3	2·0	2	0·9
Imports: value, f.o.b.	5,46	" " " " "	2·9	2·6	1·4	1·9	2	0·9

[1] For a complete description of these measures see article 'Measuring variability in economic time series' in the August 1972 issue of *Economic Trends*. The following are brief definitions of the measures.

$\overline{CI}$ is the average month to month (quarter to quarter for quarterly series) percentage change without regard to sign, in the seasonally adjusted series.

$\overline{C}$ is the same for the trend component, a smooth flexible moving average of the seasonally adjusted series.

$\overline{I}$ is the same for the irregular component, obtained by dividing the trend component into the seasonally adjusted series, except for those series which are seasonally adjusted using an additive model, see footnotes [2], [3] and [5].

$\overline{I}/\overline{C}$ is therefore a measure of the size of the relative irregularity of the seasonally adjusted series.

The average changes $\overline{I}$ and $\overline{C}$ can also be computed successively over spans of increasing numbers of months (quarters). MCD (QCD), months (quarters) for cyclical dominance, is the shortest span of months (quarters) for which $\overline{I}/\overline{C}$ is less than 1 and therefore represents the minimum period over which changes in the trend are, on average, greater than the irregular movement.

[2] The figures in the table were obtained from an additive analysis of stock changes so $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are not percentage changes but differences in units of £ million. At present seasonal adjustment of the published stocks series is done multiplicatively on the level of stocks.

[3] Although the series is seasonally adjusted additively the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are presented as percentages of the level of the trend in the preceding quarter.

[4] Series relate to Great Britain, though variability measures calculated from England and Wales component.

[5] The seasonal adjustment is additive, so the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are not percentage changes but differences in units of thousands.

Articles

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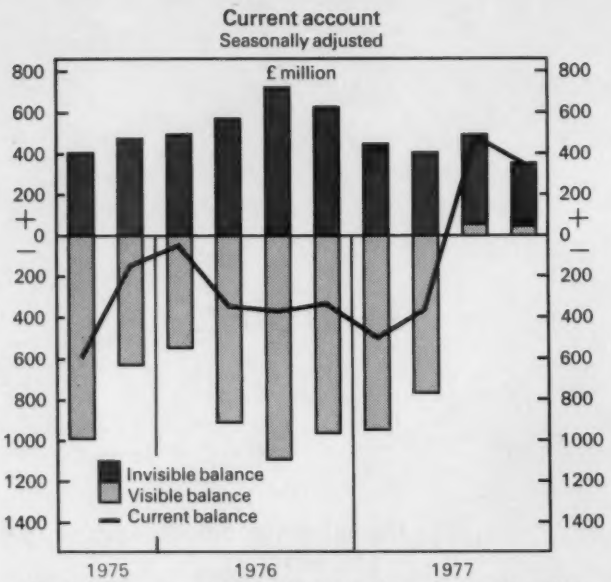
United Kingdom balance of payments in the fourth quarter and year 1977

SUMMARY

In the fourth quarter of 1977 there was a further surplus on current and capital accounts combined of £1,932 million, bringing the surplus for 1977 as a whole to £7,363 million. This contrasts sharply with the deficit of £3,628 million in 1976.

The current account (seasonally adjusted) showed a surplus of £351 million in the fourth quarter, following a surplus of £483 million in the third quarter. With little change in the balance on visible trade, most of the change in the current balance came from an unexpectedly large fall in the surplus on invisibles which dropped from £429 million in the third quarter to £306 million in the fourth. There was a slight improvement in the deficit on government transactions, but the surplus on the transactions of the private sector and public corporations (excluding transfers) at £971 million was £128 million lower than in the third quarter. Much of the deterioration resulted from a decrease in spending in the United Kingdom by foreign visitors and an increase in spending by UK residents travelling abroad, but earnings in the tanker market and profits on investment abroad also fell.

With the estimates now available for invisibles in the fourth quarter, the current account for 1977 is now estimated to have been in deficit by £35 million, a marked improvement on the deficit of £1,107 million in 1976. The deficit on visible trade was cut from £3,510 million to £1,612 million, largely owing to the production of North Sea oil. At £1,577 million, the surplus on invisibles in 1977 was substantially below the surplus of £2,403 million in 1976. This change however conceals contrasting movements

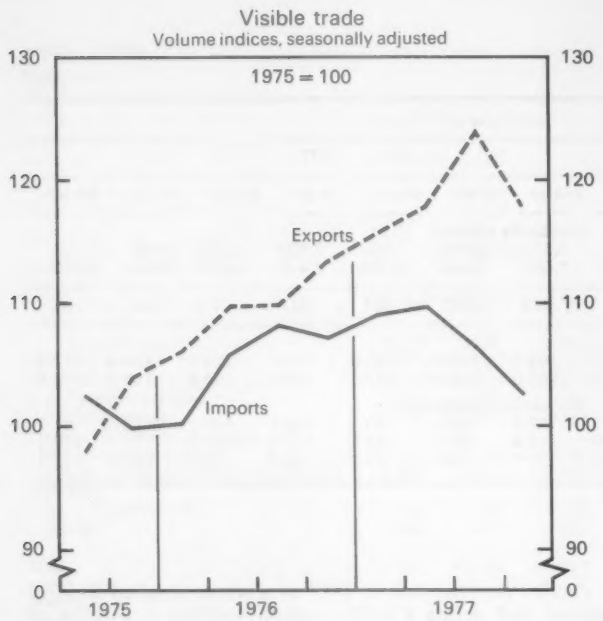


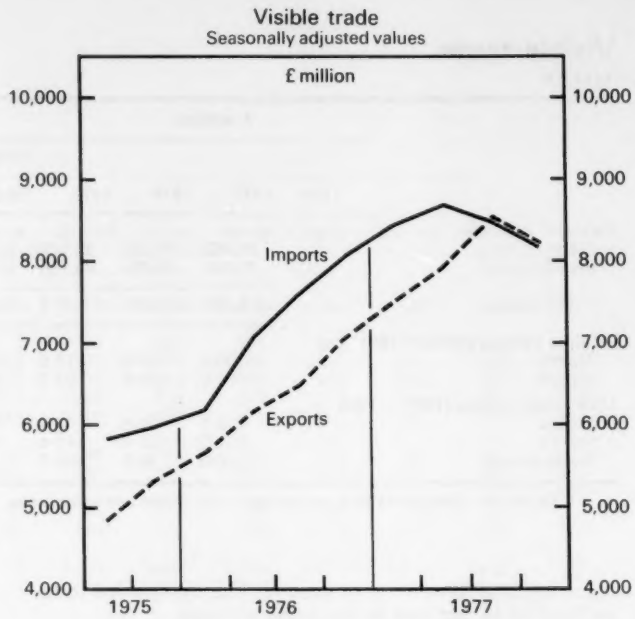
Summary balance of payments

TABLE A

	£ million										
				1976				1977			
	1975	1976	1977	1st qtr	2nd qtr	3rd qtr	4th qtr	1st qtr	2nd qtr	3rd qtr	4th qtr
Current account				Seasonally adjusted							
Visible balance	−3,205	−3,510	−1,612	−543	− 909	−1,097	−961	− 947	− 764	+ 54	+ 45
Invisible balance	+1,591	+2,403	+1,577	+496	+ 564	+ 720	+623	+ 442	+ 400	+ 429	+ 306
CURRENT BALANCE	−1,614	−1,107	− 35	− 47	− 345	− 377	−338	− 505	− 364	+ 483	+ 351
				Not seasonally adjusted							
Current balance	−1,614	−1,107	− 35	− 96	− 335	− 335	−341	− 530	− 336	+ 455	+ 376
Investment and other capital transactions	+ 203	−2,806	+4,802	−544	−1,826	− 519	+ 83	+1,919	+ 312	+1,144	+1,427
Balancing item	− 54	+ 285	+2,596	− 38	+ 206	− 8	+125	+ 524	+ 932	+1,011	+ 129
BALANCE FOR OFFICIAL FINANCING	−1,465	−3,628	7,363	−678	−1,955	− 862	−133	+1,913	+ 908	+2,610	+1,932
Official financing											
Net transactions with:											
IMF	—	+1,018	+1,113	+580	+ 438	—	—	+ 682	+ 217	+ 214	—
Other monetary authorities	—	− 34	—	—	+ 581	+ 309	−924	—	—	—	—
Foreign currency borrowing:											
by HM Government[1]	+ 423	—	+ 871	—	—	—	—	+ 584	—	+ 287	—
by public sector under exchange cover scheme	+ 387	+1,791	+ 241	+276	+ 582	+ 492	+441	+ 18	+ 33	+ 116	+ 74
Official reserves (drawings on, +/additions to, −)	+ 655	+ 853	−9,588	−178	+ 354	+ 61	+616	−3,197	−1,158	−3,227	−2,006

[1] Drawings on two euro-dollar facilities for HM Government to borrow $2,500 and $1,500 million respectively.





within the invisibles account. Earnings from tourism were particularly high for the year as a whole and earnings from construction work overseas, insurance and banking also grew strongly. The balance of interest, profits and dividends, on the other hand, declined by over £1 billion to an historically low net surplus of £283 million in 1977. Increased profits of foreign companies in the United Kingdom, particularly foreign oil companies operating in the North Sea, and the increased cost of servicing the Government's overseas debt, were largely responsible for this decline. Within transfers, government contributions to the EEC were £276 million higher than in 1976.

The inflow of £1,556 million on the capital account (including unidentified transactions) in the fourth quarter of 1977 masks the divergent movements within the quarter, as most of the inflows occurred in October before the tactics for intervention in the foreign exchange market were changed. Purchases of gilts by non-residents totalled £489 million during the quarter and the sterling balances of private non-residents rose by £599 million. The foreign currency lending and borrowing by UK banks during the fourth quarter resulted in an inflow of £366 million.

With the further inflows in the fourth quarter, the capital account shows a surplus of £7,398 million for the year compared with a deficit of £2,521 million in 1976. This improvement of nearly £10 billion is associated with the sharp improvement in exchange market confidence and the authorities' policy of limiting the appreciation of the rate for much of 1977. Overseas investment in the public sector totalled £2,179 million over the year including an increase of nearly £1 billion in private non-residents holdings of gilts, while the sterling balances of private non-residents rose by £1,471 million; those of official holders changed very little after having declined by over £1,400 million during 1976. Export credit and other short-term capital transactions showed similar trends reinforced by exchange control measures announced in November 1976 which restricted the use of sterling for financing third-country trade.

The official reserves increased by £2,006 million in the fourth quarter and by £9,588 million over the whole of 1977. During the first three quarters the large surpluses on current and capital accounts combined were supplemented by net drawings of £1,113 million on the IMF standby facility, by the £871 million ($1·5 billion) euro-dollar loan arranged by HM Government with commercial banks and by foreign currency borrowing of £167 million by the public sector under the exchange cover scheme. In the fourth quarter there was further net borrowing of £74 million under the exchange cover scheme, bringing the total to £241 million for the year 1977 compared with £1,791 million in 1976.

DETAIL

Visible trade (seasonally adjusted figures)

The surplus on visible trade of £45 million in the fourth quarter of 1977 was close to that in the previous quarter of the year. However, allowance should be made for the irregular pattern of trade in precious stones and North Sea installations. The surplus on this trade was reduced by £100 million between the quarters, offsetting an increase of a similar amount in other trade. Both imports and exports were depressed by the dock strike on the United States east coast in October and November. There was a deterioration of £55 million in the balance of trade in oil, a fall of £125 million in exports being only partially offset by a reduction in oil imports.

In *value*, exports in the fourth quarter fell by £336 million from the high third quarter level, while imports fell by £327 million to their lowest level for a year. In volume terms*, exports fell by 5 per cent and imports by 3½ per cent. The (sterling) unit value index for exports rose by 1½ per cent while the equivalent import index only rose marginally,

* The volume and unit value indices have been rebased using 1975 weights. Further details are given in *Trade and Industry* 10 February 1978.

Visible trade

TABLE B

	£ million										
				1976				1977			
	1975	1976	1977	1st qtr	2nd qtr	3rd qtr	4th qtr	1st qtr	2nd qtr	3rd qtr	4th qtr
Value (£ million)				Seasonally adjusted							
Exports (f.o.b.)	19,462	25,422	32,176	5,655	6,171	6,499	7,097	7,502	7,930	8,540	8,204
Imports (f.o.b.)	22,667	28,932	33,788	6,198	7,080	7,596	8,058	8,449	8,694	8,486	8,159
Visible balance	− 3,205	− 3,510	− 1,612	− 543	− 909	−1,097	− 961	− 947	− 764	+54	+45
Volume indices (1975 = 100)											
Exports	100·0	109·9	118·9	106·2	109·9	110·0	113·5	115·7	118·0	124·1	117·9
Imports	100·0	105·5	107·0	100·3	106·0	108·3	107·3	109·1	109·8	106·4	102·6
Unit value indices (1975 = 100)				Not seasonally adjusted							
Exports	100·0	120·6	142·4	109·7	115·9	122·9	130·2	136·1	141·7	145·5	147·6
Imports	100·0	121·9	141·4	109·9	118·4	124·5	133·8	137·5	141·3	144·0	144·2
Terms of trade[1]	100·0	98·9	100·7	99·8	97·9	98·7	97·3	99·0	100·3	101·0	102·4

[1] Export unit value index as a percentage of the import unit value index.

reflecting an appreciation in sterling. The changes led to an increase of 1½ per cent in the terms of trade.

For 1977 as a whole the deficit on visible trade of £1,612 million compares with a deficit of £3,510 million in 1976 – a reduction of £1,898 million, of which £1,169 million occurred in trade in oil. The volume of exports at constant 1975 prices was 8 per cent above the 1976 level with sharp increases in exports of fuels and chemicals. With increased North Sea oil production, imports increased by only 1½ per cent in volume, but there was a marked rise in imports of finished manufactures, especially road motor vehicles. The improvement in the visible balance resulted in part from an increase of 2 per cent in the terms of trade, the export unit value index rising by 18 per cent compared with the increase of 16 per cent in the equivalent import index.

The volume of imports and exports of OECD countries (measured at 1970 prices) are estimated to have grown slowly between 1976 and 1977 compared to the long term trend. The volume of exports in the third quarter of 1977 was 4 per cent higher than in the same quarter of 1976. Exports from the United Kingdom have grown much faster, but are likely to have lost ground in the final quarter of 1977.

A detailed analysis of visible trade of 1977 by area and commodity was published in an article in *Trade and Industry* on 10 March 1978.

Invisibles (seasonally adjusted)

With a small fall in total credits to £3,949 million and a small increase in debits to £3,643 million, the surplus on invisibles in the fourth quarter declined by £123 million to £306 million. The surplus on the transactions in the private sector and public corporations (excluding transfers) was £971 million in the fourth quarter, a fall of £128 million from the level in the third quarter. Much of the deterioration resulted from adverse movements in both credits and debits on the travel account, but receipts from tanker operations and profits on direct investment abroad also fell.

Credits on invisibles in 1977 as a whole totalled £15,596 million and debits £14,019 million yielding a surplus of £1,577 million. This was £826 million down on the surplus in 1976. For the private sector and public corporations, there was a further large increase in earnings from services – the balance improved by £589 million – but the balance on interest, profits and dividends fell by nearly £1,000 million. Credits fell by £163 million primarily because of a drop in UK banks net earnings on their borrowing and lending in overseas currencies. Debits increased by £826 million; about half of this was due to profits earned by foreign-owned oil companies mainly on the growing production from the Continental Shelf oil and gas fields. Earnings in the United Kingdom by other foreign-owned companies increased by £279 million. The balance on transactions of the private sector and public corporations (excluding transfers) decreased from £4,673 million in 1976 to £4,273 million in 1977.

Interest payments on government borrowing grew sharply in 1977 as the full effect of depreciation of the pound during 1976 was felt on top of increased indebtedness but this was largely offset by greatly increased earnings on the higher level of reserves. Government transfer payments also increased mainly as a result of higher contributions to the EEC. The deficit on all government transactions in invisibles increased from £2,201 million in 1976 to £2,589 million in 1977.

(*i*) *Services*

Both receipts and payments for *sea transport* services fell in the fourth quarter, the sharpest fall being in earnings from tanker operations which declined from £339 million to £286 million. Throughout 1977, excess capacity in the world tanker fleet gave rise to lower receipts and payments than in 1976, but there was some growth in the dry cargo figures. In both cases, receipts proved to be less buoyant than payments and a surplus of £45 million in 1976 on the whole of the sea transport account turned into a deficit of £74 million in 1977.

Payments for *civil aviation* services remained static during the quarter whereas receipts increased from £288 million

Invisibles

TABLE C

	Seasonally adjusted										
	£ million										
				1976				1977			
	1975	1976	1977	1st qtr	2nd qtr	3rd qtr	4th qtr	1st qtr	2nd qtr	3rd qtr	4th qtr
Credits											
Services:											
General government	139	215	230	35	37	88	55	40	45	68	77
Private sector and public corporations											
Sea transport	2,669	3,251	3,378	714	776	848	913	863	874	851	790
Civil aviation	780	1,051	1,199	234	257	270	290	290	296	288	325
Travel	1,123	1,628	2,129	322	376	451	479	510	525	574	520
Financial services	1,007	1,207	1,294	311	295	293	308	275	311	360	348
Other services	1,719	2,184	2,729	491	530	558	605	633	683	695	718
Interest, profits and dividends											
General government	266	253	413	74	59	61	59	65	81	117	150
Private sector and public corporations	2,680	3,623	3,460	822	861	957	983	913	885	862	800
Transfers:											
General government	363	251	283	59	77	56	59	74	58	60	91
Private	395	425	481	105	105	105	110	110	116	125	130
Total	11,141	14,088	15,596	3,167	3,373	3,687	3,861	3,773	3,874	4,000	3,949
Debits											
Services:											
General government	759	972	1,022	223	240	243	266	252	249	256	265
Private sector and public corporations											
Sea transport	2,605	3,206	3,452	688	777	829	912	883	867	867	835
Civil aviation	664	810	985	175	201	212	222	228	246	255	256
Travel	878	1,008	1,118	236	246	242	284	280	278	250	310
Other services	1,365	1,584	1,872	384	384	392	424	430	441	500	501
Interest, profits and dividends											
General government	783	905	1,101	198	227	230	250	255	285	263	298
Private sector and public corporations	1,263	1,663	2,489	408	377	423	455	551	651	659	628
Transfers:											
General government	742	1,043	1,392	217	240	282	304	314	328	374	376
Private	491	494	588	142	117	114	121	138	129	147	174
Total	9,550	11,685	14,019	2,671	2,809	2,967	3,238	3,331	3,474	3,571	3,643
Invisible balance	+1,591	+2,403	+1,577	+496	+564	+720	+623	+442	+400	+429	+306

to £325 million. Some of this increase represents a recovery after the operating difficulties the industry experienced in the third quarter. During the year as a whole, however, receipts totalled £1,199 million and payments £985 million, giving a surplus of £214 million, slightly lower than the surplus of £241 million in 1976.

Travel earnings are estimated to have fallen from a peak of £574 million in the third quarter to £520 million in the fourth. The year on year rate of increase in the number of visits was levelling off in the second and third quarters and in the fourth was only marginally positive. However, more Britons travelled abroad than in the fourth quarter of 1976 and spent £310 million compared with £250 million in the third quarter. The figures for the whole of 1977 are not much affected by the turnround which occurred in the fourth quarter. Receipts increased by £501 million (31 per cent) and payments by only £110 million (11 per cent). Visits to the United Kingdom exceeded those abroad for the first time and travel generated a surplus to the United Kingdom of £1,011 million.

During the fourth quarter, small increases in earnings from most types of *financial services* were more than cancelled out by a fall in the usually volatile earnings from commodity trading. In 1977, as a whole, earnings from financial services increased by £87 million to £1,294 million. Receipts from insurance and banking services increased by £117 million and £50 million respectively but there was a fall of £103 million in earnings from commodity trading.

In *other services* for 1977 as a whole, contractors' overseas earnings increased by £68 million to £261 million, royalty income by £78 million to £418 million and expenditure in the United Kingdom by foreign students by £69 million to £283 million. Debits on 'other services' increased by £288 million: imports of services for North Sea oil and gas activities increased by £100 million to £590 million; royalty payments increased by £68 million to £365 million and payments for telecommunications and postal services increased by £29 million to £155 million.

(ii) Interest, profits and dividends

Between 1976 and 1977, the earnings of oil companies increased, though they showed a steady decline through the quarters of 1977 as profit margins in overseas markets were squeezed by the slow growth in demand. The overseas earnings of other companies declined by just over £100 million, reflecting the stagnation in world output. Earnings

fell almost continually throughout the year, and in the fourth quarter, partly because of appreciation in the sterling exchange rate, were lower than at any time since the beginning of 1976.

In contrast, earnings of foreign companies on their direct investments in the United Kingdom grew rapidly. Oil companies turned a net loss in 1976 into a large profit of over £400 million in 1977. The losses in 1976 were largely due to the high exploration costs (treated in the accounts as a current cost) on the Continental Shelf which offset profits elsewhere (on the mainland and in offshore gas fields). In 1977, the greatly increased production of oil led to a rapid expansion in profits. In the fourth quarter, the growth in profits was somewhat checked by a less rapid increase in offshore production due mainly to bad weather and a weakening world price for oil. The earnings of other foreign companies also grew rapidly by 27 per cent in 1977 in line with the increased profitability of the company sector in the United Kingdom. There was, however, a sign that this fast growth had ceased by the end of the year, when, between the third and fourth quarters there was a fall in earnings of about £60 million.

Although receipts on portfolio investments overseas were higher in 1977, this was more than offset by a large increase in payments overseas on non-residents' portfolios. Payments by the Government on privately held gilts accounted for nearly half of this rise reflecting the massive overseas (net) purchases of gilts over the last 12 months. Another third of the increase was due to higher interest payments on foreign currency issues raised under the exchange cover scheme. The larger level of debt held in this form and the full effect of the 1976 depreciation of sterling are the causes of this rise. In the fourth quarter, the increase in interest payments on gilts continued but the growth in payments on foreign currency issues was abated by a combination of the stronger pound and the slowdown in borrowing under the exchange cover scheme in 1977.

Interest paid overseas by the Government on its other sterling debt fell by over 25 per cent in 1977 following the large reductions during 1976, and to a lesser extent in 1977, in overseas official holdings of UK Treasury bills. Interest on the other government overseas debt (mainly under the exchange cover scheme and HMG $1·5 billion loan) increased in 1977 under the impact of the higher levels of loans outstanding and the 1976 sterling depreciation. Of course, payments to the IMF increased sharply as our debt to the Fund grew during both 1976 and 1977. These increases in government payments were to some extent compensated for by the very rapid rise in earnings of the official reserves. These earnings were still rising fast in the fourth quarter of 1977.

The net overseas earnings of UK banks suffered a series of setbacks, the most severe of which was the fall in euro-currency earnings largely as a result of narrower margins between borrowing and lending rates. Their earnings in this market fell sharply from over £250 million in 1976 to under £100 million in 1977. Although there was some recovery in the second half of 1977, the earnings are still running well below the 1976 rate. The adjustment in November 1976 to exchange controls on the finance of third-country trade was probably the main cause of a small fall in the earnings of banks on their lending in sterling to overseas residents, though the fall in sterling interest rates will also have been a contributory factor. Coupled to these declines in earnings has been an increase in payments overseas on private non-residents' sterling deposits in UK banks. The rapid expansion of deposits during 1977 has more than offset the sharp decline in interest rates.

(iii) Transfers

The net deficit on government transfers was, at £1,109 million, 40 per cent higher than in 1976. In particular, contributions to the EEC budget increased by £276 million to £750 million in 1977, a direct result of the United Kingdom's increasing participation as a member of the Community. These increased contributions were only partly offset by a small increase in credits from the EEC on services and transfers of £64 million (bringing the total to £359 million for 1977). Subscriptions and contributions to International Organisations outside the EEC increased by a further £49 million to £243 million in 1977, resulting from an increase overall in the level of transfers at the expense of loans.

Private transfers from the United Kingdom increased from £147 million to £174 million between the third and fourth quarters mainly as a result of the relaxation of exchange control restrictions on emigrants.

Investment and other capital transactions

There was a further large inflow on the capital account in the fourth quarter, though when the balancing item is included the total of £1,556 million is lower than the level in the third quarter (£2,155 million). Whereas 1976 was characterised by the largest ever identified net outflows of investment and other capital transactions, £2,806 million, 1977 was marked by the largest ever identified net inflows, £4,802 million. However, if account is taken of the increase in the general price level, the net inflow is probably not so very different from that recorded in 1971. In 1976, the outflow was largely the rundown of overseas residents' sterling balances and the extension of sterling lending overseas. In 1977, in contrast, there was a massive build-up of non-official overseas holdings of sterling deposits and gilts, and a very marked slowdown in sterling lending overseas. The change in exchange controls in November 1976, prohibiting the use of sterling to finance third-country trade, was a contributory factor to this slowdown. The total sterling lending within the scope of the restriction was estimated to be of the order of £1 billion. In the fourth quarter of 1977, this pattern was, if anything, even more pronounced with overseas holdings of both gilts and sterling deposits rising substantially.

Over £2 billion of the net inflow of nearly £5 billion was accounted for by net *overseas investment in the UK public sector*. Net investment by private overseas residents (i.e. other than overseas monetary authorities) in gilts was nearly £1 billion in 1977 far exceeding the 1976 record net inflow of £116 million. Overseas purchases were still running at a high level in the fourth quarter when the net inflow was £346 million. In the second quarter, the Government issued £395 million of foreign currency bonds to overseas official holders of sterling (the offset appearing as a rundown in official sterling balances). During 1977, public corporations borrowed a net £747 million from banks, etc. overseas, which was not under the exchange cover scheme; £454

Total investment and other capital transactions

TABLE D

	Not seasonally adjusted										
	£ million										
				1976				1977			
	1975	1976	1977	1st qtr	2nd qtr	3rd qtr	4th qtr	1st qtr	2nd qtr	3rd qtr	4th qtr
Official long-term capital	− 288	− 158	− 302	− 37	− 26	− 10	− 85	− 24	− 16	− 17	− 245
Overseas investment in UK public sector[1]	+ 43	+ 203	+2,179	+ 9	+ 13	+ 58	+123	+ 498	+921	+ 291	+ 469
Overseas investment in UK private sector	+1,719	+2,062	+2,953	+685	+ 338	+540	+499	+ 847	+799	+ 779	+ 528
UK private investment overseas	−1,383	−2,154	−1,734	−536	− 583	−476	−559	− 465	−652	− 255	− 362
Overseas currency borrowing or lending (net) by UK banks	+ 235	− 106	+ 265	+ 94	− 86	−272	+158	+ 421	−706	+ 184	+ 366
Change in external sterling liabilities	− 67	−1,152	+1,452	− 75	− 932	−137	− 8	+ 389	− 48	+ 397	+ 714
Trade credit[2] and other short-term transactions*	− 56	−1,501	− 11	−684	− 550	−222	− 45	+ 253	+ 14	− 235	− 43
Total investment and other capital transactions	+ 203	−2,806	+4,802	−544	−1,826	−519	+ 83	+1,919	+312	+1,144	+1,427
**of which* UK banks' external sterling claims	− 588	−1,165	− 491	−465	− 438	−271	+ 9	− 13	−235	− 131	− 112

[1] Excluding public sector borrowing under the exchange cover scheme which is included under 'official financing'.
[2] Excluding trade credit between 'related' firms; after deducting advance and progress payments to suppliers.

million of this was the loan raised by the British National Oil Corporation. Public corporations continued to borrow uncovered in the fourth quarter when they borrowed £85 million from banks, etc. and a further £35 million by the issue of bonds.

Private holdings of sterling (*other external banking and money market liabilities in sterling*) increased by some £600 million in the fourth quarter and nearly £1½ billion in the whole of 1977. By the end of the year they were just under £5 billion. Overseas countries *exchange reserves in sterling* fell marginally in the year, in contrast to the very large fall in 1976. Overall, exchange reserves in sterling (i.e. including those of international organisations) rose nearly £200 million to £2,835 million at the end of 1977. This rise is more than accounted for by an increase in the market valuation of gilts. Overseas monetary authorities' net purchases of gilts was £143 million in the fourth quarter, but over the year they were only £5 million.

Within *other short-term transactions,* external sterling lending by UK banks (other than for export credit) had been high during the first three quarters of 1976. The November 1976 exchange control measures led to a sharp reversal of the trend, and there were net repayments in the fourth quarter of 1976 and the first quarter of 1977. Although there was some net lending in the middle of the year, there were further net repayments in the fourth quarter. Over the year as a whole there was a net inflow into the United Kingdom of over £100 million, compared with the net outflow of over £300 million in 1976.

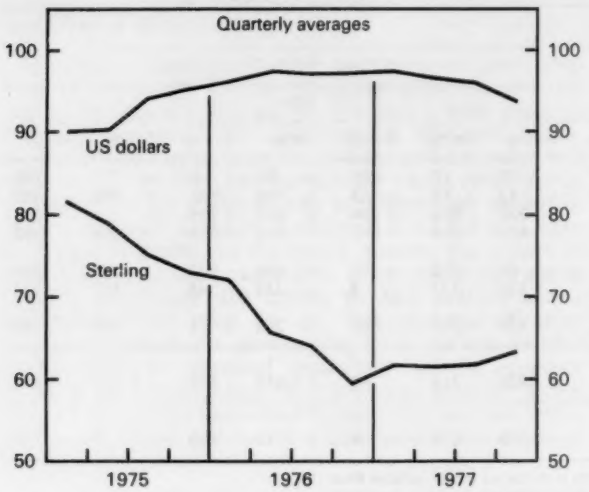
The net increase of unrelated *export credit* (i.e. outflow) of £115 million in the fourth quarter brought the total increase for the year as a whole to £211 million, compared with an increase of £1,178 million in 1976. The increase in net credit extended resulted almost entirely from further lending directly by UK banks under the ECGD fixed rate schemes (identified long-term). Suppliers' credit is thought to have been reduced by £130 million during 1977, under the impact of the November 1976 exchange control changes.

Throughout 1977 there was little change in the level of unrelated *import credit*. The main change, recorded under advance and progress payments, reflected the arrival in mid-year of ships and North Sea installations for which part-payment had already been made.

At £2,953 million, *overseas (net) investment in the UK private sector* in 1977 was nearly £900 million higher than in 1976. Direct investment by companies other than oil companies was just over £1 billion, a substantial recovery after two years of relative stagnation. Nearly 80 per cent of this investment came from profits retained in the United Kingdom. By the end of the year the rate of investment seemed to have been cut back somewhat. Investment in the United Kingdom by foreign-owned oil companies, mainly for use on the Continental Shelf, was in excess of £1 billion in 1977, somewhat higher than in the last two years. Investment in the fourth quarter was lower than in the first three quarters of 1977, but this may reflect the bad weather. Portfolio investment was over £400 million in 1977; this included market issues by UK companies in the Eurobond market of over £200 million and overseas purchases of the BP share issue. Borrowing abroad increased a little faster than repayments, so there was a small net inflow. As in previous years most of the borrowing (and repayments) were to finance direct investment overseas.

Investment overseas by the UK private sector in 1977, at £1,734 million was £420 million lower than in 1976. In the fourth quarter, the outflow of £362 million was still well below the 1976 quarterly level. In 1977, investment overseas by UK companies (excluding oil companies) was some £400 million lower. Unremitted profits were a little lower than 1976, but the largest effect was on intercompany (and branch/head office) accounts, where in 1977 much less net credit was extended. This probably reflects the strength of the pound during the year and the weakness of the dollar in the second half of the year. UK residents continued to disinvest on their overseas portfolios, and in the fourth quarter were still doing so. Accruals to the official reserves

Effective exchange rates
(Dec 1971 = 100)



under the 25 per cent rule were £35 million in the fourth quarter and £177 million over the whole year.

There was an inflow of £265 million through *borrowing and leading (net) in overseas currencies by UK banks* during 1977. At £620 million, borrowing for investment by UK companies overseas was considerably higher than in any of the last three years.

The net outflow of *official long-term capital* increased by £144 million in 1977 to £302 million. In part this was due to North American loan repayments returning to a more normal level after the United Kingdom had, in 1976, exercised its right to defer repayments of these loans. There was also an increase of about £100 million in aid channelled through international organisations; these subscriptions are reflected in a sharp rise in the exchange reserves in sterling held by international organisations.

Balancing item

There is a balancing item of +£129 million for the fourth quarter. For the year as a whole the balancing item stands at +£2,596 million. In part the balancing item represents timing and valuation differences between transactions and settlements. The timing of payments is likely to have been increasingly affected as confidence in sterling continued to grow ever more strongly during most of 1977, and this may have contributed a substantial positive element to the balancing item. Towards the end of the year, as the sterling exchange rate was allowed to rise, some of these speculative pressures of demand are likely to have been reduced, thus contributing to the much smaller balancing item in the fourth quarter.

Exchange rate

For much of 1977 the heavy intervention required in following a policy of maintaining stability in the sterling exchange rate against the dollar contributed to the very substantial rise in the official reserves. The rate against the dollar was held between $1·71 and $1·72 until the third quarter when, as the dollar weakened, the focus of intervention policy was changed to the effective rate; the dollar rate rose slightly to close the quarter at $1·7475.

During October the authorities continued to hold the effective rate steady. Sterling was in heavy demand through the month reflecting both weakness in the dollar and speculation that the sterling rate might be allowed to rise.

On 31 October the intervention tactics were changed. After an initial rise, sterling traded quietly for most of November and December; with light management the rate gradually rose, closing December at $1·9185. The average dollar rate for the quarter was $1·8134 compared with $1·7354 in the previous quarter, the average effective exchange rate rising from 61·8 to 63·3 (21 December 1971 = 100).

Official financing

With another large surplus on current and capital accounts combined, the reserves increased by £2,006 million in the fourth quarter. For 1977 as a whole the increase in the reserves was supplemented by drawings on the IMF standby facility which totalled £1,113 million (SDR 1,640 million) and by drawing the full £871 million ($1·5 billion) eurocurrency loan arranged by HM Government with UK and overseas commercial banks. Net borrowing of £241 million by the public sector under the exchange cover scheme, was, however, very much lower than in 1976. These loan drawings, taken together with the aggregate surplus on current and capital accounts of £7,363 million, resulted in an increase of £9,588 million in official reserves over the year as a whole, bringing the level at the end of the quarter to $20,557 million (£10,715 million at the closing market rate on 30 December).

NOTE

The balance on transactions in invisibles (excluding transfers) by the private sector and public corporations has been calculated (as on pages 70 and 72) in an attempt to identify the balance on business activities as opposed to the functions for which the government sector is responsible, e.g. maintenance of defence presence abroad, servicing of overseas debt.

REVISIONS

The estimates for many categories of transactions are liable to revision as more information becomes available after the first estimates are made; these are sometimes necessarily based on significantly incomplete information. In addition, when figures for the full calendar year first become available, the quarterly pattern may need to be reconsidered.

Visible trade

A number of changes have been made to the visible trade figures, associated with the updating of the seasonal adjustment, the adoption of a revised Standard Industrial Trade Classification (SITC Rev. 2) and the rebasing of the index numbers on to 1975. An article in *Trade and Industry* of 10 February described these changes (but note also further articles in the issue of 17 February). The figures in those articles also incorporated revisions to some of the

balance of payments adjustments, in particular to imports of North Sea production equipment and to the regular adjustment which eliminates the uplift applied by Customs in valuing imports at free market prices. The present article also incorporates some subsequent small revisions to the figures for 1977.

Invisibles

The revisions to estimates of invisibles for periods before 1977 stem mainly from the results of a survey of merchanting (other than commodity trading) carried out by the British Export House Association. Revisions to the estimates for the first three quarters of 1977 result partly from revision of the seasonal adjustment of some components now that figures for the full calendar year are available. There have also been other revisions to some series as more information has become available and though these have been largely offsetting in their effect on the balance on invisibles the overall surplus on invisibles has been increased for the first quarter of 1977 and earlier years and reduced for the second and third quarters.

Investment and other capital

The estimated net inflow of investment and other capital was revised downwards by £229 million in the third quarter of 1977 and by £57 million in the first half of the year. In 1976 the estimated net outflow was revised downwards by £13 million while estimates for earlier years remain unchanged.

Export credit in the third quarter of 1977 has been revised by £150 million now that more returns have been received under the trade credit inquiry. The previous net inflow of £64 million has been changed to a net outflow of £86 million. The estimated net outflow of 'other commercial short-term transactions' has been revised upwards by £81 million. The estimated inflow of investment in British government stocks has been increased by £60 million largely because of later information on the registration of overseas purchases.

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APPENDIX

United Kingdom balance of payments
Summary

TABLE 1

£ million

	Seasonally adjusted			Not seasonally adjusted								
									Official financing			
	Visible trade	Invisibles	**Current balance**	Current balance	Capital transfers	Investment and other capital transactions[5]	Balancing item	**Balance for official financing**[6]	Allocation of SDR and gold subscription to IMF	Net transactions with overseas monetary authorities[1]	Foreign currency borrowing by: HM Government[2]	Foreign currency borrowing by: Public sector under ECS	Official reserves[1, 3]
1966	− 66	+ 170	+ 104	+ 104	—	− 578	− 73	− 547	− 44	+ 625	—	—	− 34
1967	− 555	+ 255	− 300	− 300	—	− 602	+ 231	− 671	—	+ 556	—	—	+ 115
1968	− 667	+ 380	− 287	− 287	—	−1,007	− 116	−1,410	—	+1,296	—	—	+ 114
1969	− 156	+ 596	+ 440	+ 440	—	− 165	+ 412	+ 687	—	− 699	—	+ 56	− 44
1970	− 25	+ 735	+ 710	+ 710	—	+ 572	+ 5	+1,287	+133	−1,295	—	—	− 125
1971	+ 279	+ 795	+1,074	+1,074	—	+1,816	+ 256	+3,146	+125	−1,817	—	+ 82	−1,536
1972	− 701	+ 827	+ 126	+ 126	—	− 688	− 703	−1,265	+124	+ 449	—	—	+ 692
1973	−2,354	+1,471	− 883	− 883	−59	+ 49	+ 122	− 771	—	—	—	+ 999	− 228
1974	−5,195	+1,680	−3,515	−3,515	−75	+1,684	+ 260	−1,646	—	—	+644	+1,107	− 105
1975	−3,205	+1,591	−1,614	−1,614	—	+ 203	− 54	−1,465	—	—	+423	+ 387	+ 655
1976	−3,510	+2,403	−1,107	−1,107	—	−2,806	+ 285	−3,628	—	+ 984	—	+1,791	+ 853
1977	−1,612	+1,577	− 35	− 35	—	+4,802	+2,596	+7,363	—	+1,113	+871	+ 241	−9,588
1969 *1*	− 131	+ 147	+ 16	− 15	—	+ 48	+ 239	+ 272	—	− 252	—	—	− 20
2	− 53	+ 144	+ 91	+ 155	—	− 65	− 28	+ 62	—	− 93	—	+ 20	+ 11
3	+ 32	+ 133	+ 165	+ 146	—	− 92	− 134	− 80	—	+ 43	—	+ 33	+ 4
4	− 4	+ 172	+ 168	+ 154	—	− 56	+ 335	+ 433	—	− 397	—	+ 3	− 39
1970 *1*	+ 78	+ 198	+ 276	+ 238	—	+ 465	+ 212	+ 915	+171	−1,010	—	—	− 76
2	− 64	+ 187	+ 123	+ 160	—	+ 227	− 160	+ 227	—	− 193	—	—	− 34
3	− 86	+ 174	+ 88	+ 79	—	− 161	− 120	− 202	—	+ 150	—	—	+ 52
4	+ 47	+ 176	+ 223	+ 233	—	+ 41	+ 73	+ 347	− 38	− 242	—	—	− 67
1971 *1*	− 47	+ 198	+ 151	+ 63	—	+ 595	+ 264	+ 922	+125	− 894	—	+ 51	− 204
2	+ 87	+ 196	+ 283	+ 350	—	+ 335	− 82	+ 603	—	− 508	—	+ 31	− 126
3	+ 178	+ 218	+ 396	+ 379	—	+ 478	− 189	+ 668	—	− 92	—	—	− 576
4	+ 61	+ 183	+ 244	+ 282	—	+ 408	+ 263	+ 953	—	− 323	—	—	− 630
1972 *1*	− 98	+ 210	+ 112	− 16	—	− 7	+ 80	+ 57	+124	+ 10	—	—	− 191
2	− 122	+ 226	+ 104	+ 231	—	− 856	− 420	−1,045	—	+ 999	—	—	+ 46
3	− 298	+ 206	− 92	− 137	—	− 10	+ 68	− 79	—	− 560	—	—	+ 639
4	− 183	+ 185	+ 2	+ 48	—	+ 185	− 431	− 198	—	—	—	—	+ 198
1973 *1*	− 334	+ 164	− 170	− 329	−38	+ 80	+ 314	+ 27	—	—	—	+ 45	− 72
2	− 452	+ 367	− 85	− 2	−19	+ 355	− 235	+ 99	—	—	—	+ 281	− 380
3	− 613	+ 371	− 242	− 220	− 1	− 636	+ 239	− 618	—	—	—	+ 364	+ 254
4	− 955	+ 569	− 386	− 332	− 1	+ 250	− 196	− 279	—	—	—	+ 309	− 30
1974 *1*	−1,241	+ 411	− 830	− 895	—	+ 512	+ 44	− 339	—	—	—	+ 306	+ 33
2	−1,362	+ 449	− 913	− 884	−29	+ 714	− 120	− 319	—	—	—	+ 435	− 116
3	−1,240	+ 445	− 795	− 840	−40	+ 532	+ 348	—	—	—	—	+ 189	− 189
4	−1,352	+ 375	− 977	− 896	− 6	− 74	− 12	− 988	—	—	+644	+ 177	+ 167
1975 *1*	− 912	+ 385	− 527	− 620	—	+ 85	+ 209	− 326	—	—	+423	+ 45	− 142
2	− 670	+ 328	− 342	− 359	—	+ 115	− 328	− 572	—	—	—	+ 162	+ 410
3	− 992	+ 402	− 590	− 577	—	+ 277	+ 87	− 213	—	—	—	+ 43	+ 170
4	− 631	+ 476	− 155	− 58	—	− 274	− 22	− 354	—	—	—	+ 137	+ 217
1976 *1*	− 543	+ 496	− 47	− 96	—	− 544	− 38	− 678	—	+ 580	—	+ 276	− 178
2	− 909	+ 564	− 345	− 335	—	−1,826	+ 206	−1,955	—	+1,019	—	+ 582	+ 354
3	−1,097	+ 720	− 377	− 335	—	− 519	− 8	− 862	—	+ 309	—	+ 492	+ 61
4	− 961	+ 623	− 338	− 341	—	+ 83	+ 125	− 133	—	− 924	—	+ 441	+ 616
1977 *1*	− 947	+ 442	− 505	− 530	—	+1,919	+ 524	+1,913	—	+ 682	+584	+ 18	−3,197
2	− 764	+ 400	− 364	− 336	—	+ 312	+ 932	+ 908	—	+ 217	—	+ 33	−1,158
3	+ 54	+ 429	+ 483	+ 455	—	+1,144	+1,011	+2,610	—	+ 214	+287	+ 116	−3,227
4	+ 45	+ 306	+ 351	+ 376	—	+1,427	+ 129	+1,932	—	—	—	+ 74	−2,006

[1] From July 1972, transactions with the IMF affecting the United Kingdom reserve position in the fund are included as changes in the official reserves.
[2] Drawings on two euro-dollar facilities for HM government to borrow $2,500 million and $1,500 million respectively.
[3] Drawing on, +/addition to, −. [4] Includes transfer of dollar portfolio to reserves.
[5] Includes EEA loss on forward commitments.
[6] Balance of current and capital transactions, including unidentified transactions, covered by official financing other than that relating to IMF gold subscriptions and the allocation of SDR's.

Current account

TABLE 2

£ million

Not seasonally adjusted

	Visible trade			Invisibles (net)			Invisibles (net)					
				Services			Interest, profits and dividends					
	Exports (f.o.b.)	Imports (f.o.b.)	Visible balance	General government	Private sector and public corporations	Total goods and services (net)	General government	Private sector and public corporations	Transfers: General government	Transfers: Private	Invisible balance	Current balance
1966	5,276	5,342	− 66	−290	+ 275	− 81	−166	+ 553	− 180	− 22	+ 170	+ 104
1967	5,241	5,796	− 555	−274	+ 383	− 446	−178	+ 556	− 188	− 44	+ 255	− 300
1968	6,433	7,100	− 667	−287	+ 568	− 386	−241	+ 574	− 179	− 55	+ 380	− 287
1969	7,269	7,425	− 156	−290	+ 614	+ 168	−340	+ 838	− 177	− 49	+ 596	+ 440
1970	8,121	8,146	− 25	−309	+ 699	+ 365	−269	+ 825	− 177	− 34	+ 735	+ 710
1971	9,060	8,781	+ 279	−315	+ 823	+ 787	−204	+ 709	− 205	− 13	+ 795	+1,074
1972	9,450	10,151	− 701	−351	+ 911	− 141	−143	+ 677	− 210	− 57	+ 827	+ 126
1973	12,115	14,469	−2,354	−409	+1,007	−1,756	−200	+1,523	− 359	− 91	+1,471	− 883
1974	16,539	21,734	−5,195	−538	+1,318	−4,415	−355	+1,661	− 320	− 86	+1,680	−3,515
1975	19,462	22,667	−3,205	−620	+1,786	−2,039	−517	+1,417	− 379	− 96	+1,591	−1,614
1976	25,422	28,932	−3,510	−757	+2,713	−1,554	−652	+1,960	− 792	− 69	+2,403	−1,107
1977	32,176	33,788	−1,612	−792	+3,302	+ 898	−688	+ 971	−1,109	−107	+1,577	− 35
1969 *1*	1,669	1,845	− 176	− 68	+ 129	− 115	− 63	+ 234	− 60	− 11	+ 161	− 15
2	1,858	1,871	− 13	− 73	+ 164	+ 78	− 83	+ 217	− 42	− 15	+ 168	+ 155
3	1,795	1,797	− 2	− 75	+ 157	+ 80	− 75	+ 195	− 42	− 12	+ 148	+ 146
4	1,947	1,912	+ 35	− 74	+ 164	+ 125	−119	+ 192	− 33	− 11	+ 119	+ 154
1970 *1*	1,967	1,939	+ 28	− 70	+ 184	+ 142	− 68	+ 226	− 54	− 8	+ 210	+ 238
2	2,075	2,131	− 56	− 78	+ 179	+ 45	− 55	+ 221	− 42	− 9	+ 216	+ 160
3	1,842	1,949	− 107	− 81	+ 165	− 23	− 51	+ 197	− 37	− 7	+ 186	+ 79
4	2,237	2,127	+ 110	− 80	+ 171	+ 201	− 95	+ 181	− 44	− 10	+ 123	+ 233
1971 *1*	2,031	2,178	− 147	− 68	+ 174	− 41	− 49	+ 208	− 58	+ 3	+ 210	+ 63
2	2,376	2,245	+ 131	− 77	+ 200	+ 254	− 45	+ 191	− 46	− 4	+ 219	+ 350
3	2,261	2,102	+ 159	− 89	+ 215	+ 285	− 40	+ 184	− 47	− 3	+ 220	+ 379
4	2,392	2,256	+ 136	− 81	+ 234	+ 289	− 70	+ 126	− 54	− 9	+ 146	+ 282
1972 *1*	2,239	2,461	− 222	− 85	+ 224	− 83	− 32	+ 175	− 67	− 9	+ 206	− 16
2	2,453	2,484	− 31	− 74	+ 233	+ 128	− 9	+ 177	− 52	− 13	+ 262	+ 231
3	1,984	2,314	− 330	− 96	+ 206	− 220	− 37	+ 185	− 49	− 16	+ 193	− 137
4	2,774	2,892	− 118	− 96	+ 248	+ 34	− 65	+ 140	− 42	− 19	+ 166	+ 48
1973 *1*	2,755	3,267	− 512	− 94	+ 224	− 382	− 56	+ 234	− 102	− 23	+ 183	− 329
2	2,990	3,383	− 393	− 95	+ 242	− 246	− 29	+ 425	− 115	− 37	+ 391	− 2
3	2,978	3,560	− 582	−113	+ 246	− 449	− 47	+ 361	− 73	− 12	+ 362	− 220
4	3,392	4,259	− 867	−107	+ 295	− 679	− 68	+ 503	− 69	− 19	+ 535	− 332
1974 *1*	3,610	4,940	−1,330	−111	+ 267	−1,174	− 80	+ 478	− 100	− 19	+ 435	− 895
2	4,236	5,583	−1,347	−142	+ 320	−1,169	− 69	+ 439	− 70	− 15	+ 463	− 884
3	4,198	5,448	−1,250	−138	+ 370	−1,018	− 96	+ 372	− 79	− 19	+ 410	− 840
4	4,495	5,763	−1,268	−147	+ 361	−1,054	−110	+ 372	− 71	− 33	+ 372	− 896
1975 *1*	4,502	5,504	−1,002	−128	+ 432	− 698	−127	+ 300	− 84	− 11	+ 382	− 620
2	4,845	5,553	− 708	−151	+ 427	− 432	−104	+ 304	− 95	− 32	+ 349	− 359
3	4,673	5,655	− 982	−173	+ 424	− 731	−143	+ 391	− 72	− 22	+ 405	− 577
4	5,442	5,955	− 513	−168	+ 503	− 178	−143	+ 422	− 128	− 31	+ 455	− 58
1976 *1*	5,718	6,271	− 553	−161	+ 610	− 104	−137	+ 400	− 218	− 37	+ 457	− 96
2	6,322	7,238	− 916	−204	+ 633	− 487	−166	+ 486	− 156	− 12	+ 581	− 335
3	6,198	7,290	−1,092	−171	+ 757	− 506	−175	+ 554	− 199	− 9	+ 757	− 335
4	7,184	8,133	− 949	−221	+ 713	− 457	−174	+ 520	− 219	− 11	+ 608	− 341
1977 *1*	7,594	8,489	− 895	−192	+ 721	− 366	−186	+ 346	− 296	− 28	+ 365	− 530
2	8,117	8,847	− 730	−206	+ 859	− 77	−213	+ 232	− 265	− 13	+ 394	− 336
3	8,202	8,233	− 31	−196	+ 902	+ 675	−141	+ 230	− 287	− 22	+ 486	+ 455
4	8,263	8,219	+ 44	−198	+ 820	+ 666	−148	+ 163	− 261	− 44	+ 332	+ 376

Current account

TABLE 2 (*continued*)

£ million

Seasonally adjusted

	Visible trade			Invisibles (net)			Invisibles (net)					
				Services			Interest, profits and dividends					
	Exports (f.o.b.)	Imports (f.o.b.)	Visible balance	General government	Private sector and public corporations	Total goods and services (net)	General government	Private sector and public corporations	Transfers: General government	Transfers: Private	Invisible balance	Current balance
1966	5,276	5,342	− 66	−290	+ 275	− 81	−166	+ 553	− 180	− 22	+ 170	+ 104
1967	5,241	5,796	− 555	−274	+ 383	− 446	−178	+ 556	− 188	− 44	+ 255	− 300
1968	6,433	7,100	− 667	−287	+ 568	− 386	−241	+ 574	− 179	− 55	+ 380	− 287
1969	7,269	7,425	− 156	−290	+ 614	+ 168	−340	+ 838	− 177	− 49	+ 596	+ 440
1970	8,121	8,146	− 25	−309	+ 699	+ 365	−269	+ 825	− 177	− 34	+ 735	+ 710
1971	9,060	8,781	+ 279	−315	+ 823	+ 787	−204	+ 709	− 205	− 13	+ 795	+1,074
1972	9,450	10,151	− 701	−351	+ 911	− 141	−143	+ 677	− 210	− 57	+ 827	+ 126
1973	12,115	14,469	−2,354	−409	+1,007	−1,756	−200	+1,523	− 359	− 91	+1,471	− 883
1974	16,539	21,734	−5,195	−538	+1,318	−4,415	−355	+1,661	− 320	− 86	+1,680	−3,515
1975	19,462	22,667	−3,205	−620	+1,786	−2,039	−517	+1,417	− 379	− 96	+1,591	−1,614
1976	25,422	28,932	−3,510	−757	+2,713	− 1,554	−652	+1,960	− 792	− 69	+2,403	−1,107
1977	32,176	33,788	−1,612	−792	+3,302	+ 898	−688	+ 971	−1,109	−107	+1,577	− 35
1969 *1*	1,688	1,819	− 131	− 74	+ 131	− 74	− 78	+ 225	− 46	− 11	+ 147	+ 16
2	1,800	1,853	− 53	− 72	+ 154	+ 29	− 89	+ 209	− 43	− 15	+ 144	+ 91
3	1,881	1,849	+ 32	− 72	+ 164	+ 124	− 88	+ 190	− 49	− 12	− 133	+ 165
4	1,900	1,904	− 4	− 72	+ 165	+ 89	− 85	+ 214	− 39	− 11	+ 172	+ 168
1970 *1*	2,010	1,932	+ 78	− 77	+ 189	+ 190	− 79	+ 216	− 43	− 8	+ 198	+ 276
2	2,006	2,070	− 64	− 77	+ 173	+ 32	− 67	+ 209	− 42	− 9	+ 187	+ 123
3	1,930	2,016	− 86	− 76	+ 170	+ 8	− 61	+ 189	− 41	− 7	+ 174	+ 88
4	2,175	2,128	+ 47	− 79	+ 167	+ 135	− 62	+ 211	− 51	− 10	+ 176	+ 223
1971 *1*	2,075	2,122	− 47	− 74	+ 177	+ 56	− 60	+ 195	− 43	+ 3	+ 198	+ 151
2	2,321	2,234	+ 87	− 79	+ 192	+ 200	− 54	+ 185	− 44	− 4	+ 196	+ 283
3	2,350	2,172	+ 178	− 82	+ 226	+ 322	− 50	+ 178	− 51	− 3	+ 218	+ 396
4	2,314	2,253	+ 61	− 80	+ 228	+ 209	− 40	+ 151	− 67	− 9	+ 183	+ 244
1972 *1*	2,258	2,356	− 98	− 86	+ 225	+ 41	− 31	+ 160	− 49	− 9	+ 210	+ 112
2	2,343	2,465	− 122	− 80	+ 225	+ 23	− 30	+ 176	− 52	− 13	+ 226	+ 104
3	2,115	2,413	− 298	− 88	+ 225	− 161	− 35	+ 178	− 58	− 16	+ 206	− 92
4	2,734	2,917	− 183	− 97	+ 236	− 44	− 47	+ 163	− 51	− 19	+ 185	+ 2
1973 *1*	2,754	3,088	− 334	−105	+ 221	− 218	− 54	+ 210	− 85	− 23	+ 164	− 170
2	2,901	3,353	− 452	− 95	+ 246	− 301	− 50	+ 411	− 108	− 37	+ 367	− 85
3	3,147	3,760	− 613	−111	+ 266	− 458	− 48	+ 367	− 91	− 12	+ 371	− 242
4	3,313	4,268	− 955	− 98	+ 274	− 779	− 48	+ 535	− 75	− 19	+ 569	− 386
1974 *1*	3,619	4,860	−1,241	−127	+ 271	−1,097	− 77	+ 440	− 77	− 19	+ 411	− 830
2	4,152	5,514	−1,362	−137	+ 326	−1,173	− 91	+ 437	− 71	− 15	+ 449	− 913
3	4,393	5,633	−1,240	−134	+ 386	− 988	− 89	+ 391	− 90	− 19	+ 445	− 795
4	4,375	5,727	−1,352	−140	+ 335	−1,157	− 98	+ 393	− 82	− 33	+ 375	− 977
1975 *1*	4,674	5,586	− 912	−146	+ 405	− 653	−128	+ 312	− 47	− 11	+ 385	− 527
2	4,601	5,271	− 670	−144	+ 414	− 400	−116	+ 299	− 93	− 32	+ 328	− 342
3	4,844	5,836	− 992	−169	+ 435	− 726	−141	+ 384	− 85	− 22	+ 402	− 590
4	5,343	5,974	− 631	−161	+ 532	− 260	−132	+ 422	− 154	− 31	+ 476	− 155
1976 *1*	5,655	6,198	− 543	−188	+ 589	− 142	−124	+ 414	− 158	− 37	+ 496	− 47
2	6,171	7,080	− 909	−203	+ 626	− 486	−168	+ 484	− 163	− 12	+ 564	− 345
3	6,499	7,596	−1,097	−155	+ 745	− 507	−169	+ 534	− 226	− 9	+ 720	− 377
4	7,097	8,058	− 961	−211	+ 753	− 419	−191	+ 528	− 245	− 11	+ 623	− 338
1977 *1*	7,502	8,449	− 947	−212	+ 750	− 409	−190	+ 362	− 240	− 28	+ 442	− 505
2	7,930	8,694	− 764	−204	+ 857	− 111	−204	+ 234	− 270	− 13	+ 400	− 364
3	8,540	8,486	+ 54	−188	+ 896	+ 762	−146	+ 203	− 314	− 22	+ 429	+ 483
4	8,204	8,159	+ 45	−188	+ 799	+ 656	−148	+ 172	− 285	− 44	+ 306	+ 351

Visible trade in the balance of payments

TABLE 3

		£ million							1975 = 100				
		Seasonally adjusted							Seasonally adjusted		Not seasonally adjusted		
		Exports			Imports				Volume indices		Unit value indices		
		Overseas Trade Statistics (f.o.b.)	Valuation and coverage adjustments	Balance of payments (f.o.b.)	Overseas Trade Statistics (c.i.f.)	Valuation adjustments[1]	Coverage adjustments	Balance of payments (f.o.b.)	Exports	Imports	Exports	Imports	Terms of trade[2]
1966		5,275	+ 1	5,276	5,951	− 581	− 28	5,342	62·0	62·6	41·5	33·5	123·9
1967		5,244	− 3	5,241	6,439	− 666	+ 23	5,796	61·7	68·1	42·1	33·6	125·3
1968		6,442	− 9	6,433	7,900	− 778	− 22	7,100	69·4	75·1	45·5	37·6	121·0
1969		7,352	− 83	7,269	8,317	− 821	− 71	7,425	76·2	75·7	47·0	38·8	121·1
1970		8,170	− 49	8,121	9,163	− 901	−116	8,146	79·5	80·2	50·5	40·6	124·4
1971		9,289	−229	9,060	9,980	− 997	−202	8,781	84·6	83·3	53·3	42·4	125·7
1972		9,906	−456	9,450	11,301	−1,033	−117	10,151	84·5	92·4	56·3	44·7	126·0
1973		12,657	−542	12,115	16,067	−1,355	−243	14,469	96·8	105·6	63·3	57·1	110·9
1974		16,820	−281	16,539	23,492	−1,582	−176	21,734	103·9	107·9	81·8	88·5	92·4
1975		20,111	−649	19,462	24,423	−1,491	−265	22,667	100·0	100·0	100·0	100·0	100·0
1976		26,024	−602	25,422	31,569	−1,944	−693	28,932	109·9	105·5	120·6	121·9	98·9
1977		33,308	−1,132	32,176	36,996	−2,184	−1,024	33,788	118·9	107·0	142·4	141·4	100·7
1969	*1*	1,689	− 1	1,688	2,024	− 206	+ 1	1,819	71·1	74·5	47·0	38·4	122·4
	2	1,802	− 2	1,800	2,097	− 204	− 40	1,853	75·0	76·4	47·0	38·8	121·1
	3	1,922	− 41	1,881	2,086	− 206	− 31	1,849	79·5	76·4	47·2	39·2	120·4
	4	1,939	− 39	1,900	2,110	− 205	− 1	1,904	79·5	75·5	47·6	39·9	119·3
1970	*1*	2,010	—	2,010	2,161	− 203	− 26	1,932	80·2	76·6	49·9	40·5	123·2
	2	2,014	− 8	2,006	2,314	− 224	− 20	2,070	79·2	81·5	50·4	40·8	123·5
	3	1,958	− 28	1,930	2,274	− 231	− 27	2,016	74·7	79·2	51·4	40·9	125·7
	4	2,188	− 13	2,175	2,414	− 243	− 43	2,128	83·8	83·4	51·7	41·0	126·1
1971	*1*	2,084	− 9	2,075	2,406	− 249	− 35	2,122	79·2	82·4	52·4	41·3	126·9
	2	2,359	− 38	2,321	2,517	− 256	− 27	2,234	87·6	84·2	53·3	42·9	124·2
	3	2,419	− 69	2,350	2,496	− 247	− 77	2,172	87·0	81·8	54·5	43·3	125·9
	4	2,427	−113	2,314	2,561	− 245	− 63	2,253	84·8	84·9	55·2	42·9	128·7
1972	*1*	2,381	−123	2,258	2,643	− 237	− 50	2,356	82·9	88·2	55·6	43·4	128·1
	2	2,453	−110	2,343	2,747	− 259	− 23	2,465	84·8	92·4	56·3	43·8	128·5
	3	2,213	− 98	2,115	2,696	− 248	− 35	2,413	74·8	87·1	58·0	45·8	126·6
	4	2,859	−125	2,734	3,215	− 289	− 9	2,917	95·4	102·0	58·4	47·5	122·9
1973	*1*	2,872	−118	2,754	3,399	− 294	− 17	3,088	93·1	101·9	60·4	50·3	120·1
	2	3,030	−129	2,901	3,753	− 328	− 72	3,353	95·2	103·4	62·3	54·1	115·2
	3	3,275	−128	3,147	4,220	− 350	−110	3,760	98·8	106·3	64·9	60·1	108·0
	4	3,480	−167	3,313	4,695	− 383	− 44	4,268	100·1	110·6	68·1	65·9	103·3
1974	*1*	3,682	− 63	3,619	5,276	− 399	− 17	4,860	100·7	106·5	74·8	79·3	94·3
	2	4,180	− 28	4,152	6,009	− 407	− 88	5,514	105·9	109·5	81·0	88·9	91·1
	3	4,504	−111	4,393	6,078	− 398	− 47	5,633	107·2	108·9	84·9	91·5	92·8
	4	4,454	− 79	4,375	6,129	− 378	− 24	5,727	102·0	106·8	89·1	94·1	94·7
1975	*1*	4,802	−128	4,674	6,002	− 354	− 62	5,586	100·9	101·5	95·4	97·3	98·0
	2	4,736	−135	4,601	5,660	− 353	− 36	5,271	97·0	96·0	97·7	97·9	99·8
	3	5,013	−169	4,844	6,281	− 390	− 55	5,836	98·0	102·6	101·8	101·7	100·1
	4	5,560	−217	5,343	6,480	− 394	−112	5,974	104·1	99·9	105·9	106·6	99·3
1976	*1*	5,784	−129	5,655	6,763	− 423	−142	6,198	106·2	100·3	109·7	109·9	99·8
	2	6,303	−132	6,171	7,753	− 480	−193	7,080	109·9	106·0	115·9	118·4	97·9
	3	6,617	−118	6,499	8,208	− 518	− 94	7,596	110·0	108·3	122·9	124·5	98·7
	4	7,320	−223	7,097	8,845	− 523	−264	8,058	113·5	107·3	130·2	133·8	97·3
1977	*1*	7,716	−214	7,502	9,169	− 577	−143	8,449	115·7	109·1	136·1	137·5	99·0
	2	8,272	−342	7,930	9,601	− 590	−317	8,694	118·0	109·8	141·7	141·3	100·3
	3	8,829	−289	8,540	9,239	− 536	−217	8,486	124·1	106·4	145·5	144·0	101·0
	4	8,491	−287	8,204	8,987	− 481	−347	8,159	117·9	102·6	147·6	144·2	102·4

[1] Largely freight and insurance: see details in Table 2.1 of *United Kingdom Balance of Payments 1966–76.*

[2] Export unit value index as a percentage of the import unit value index.

Invisible transactions

TABLE 4

£ million

	Services: credits							Services: debits						
	General government	Private sector and public corporations					Total services credits	General government	Private sector and public corporations				Total services debits	Total services net
		Sea transport	Civil aviation	Travel	Financial services	Other services			Sea transport	Civil aviation	Travel	Other services		
1970	51	1,361	316	432	428	757	3,345	360	1,437	266	382	510	2,955	+ 390
1971	59	1,621	354	486	452	865	3,837	374	1,673	297	439	546	3,329	+ 508
1972	72	1,613	410	546	511	966	4,118	423	1,688	333	527	587	3,558	+ 560
1973	104	2,062	480	681	593	1,135	5,055	513	2,160	405	682	697	4,457	+ 598
1974	110	2,678	625	837	760	1,379	6,389	648	2,796	529	683	953	5,609	+ 780
1975	139	2,669	780	1,123	1,007	1,719	7,437	759	2,605	664	878	1,365	6,271	+1,166
1976	215	3,251	1,051	1,628	1,207	2,184	9,536	972	3,206	810	1,008	1,584	7,580	+1,956
1977	230	3,378	1,199	2,129	1,294	2,729	10,959	1,022	3,452	985	1,118	1,872	8,449	+2,510
Unadjusted														
1973 *1*	26	450	82	97	145	268	1,068	120	484	80	93	161	938	+ 130
2	19	480	124	159	144	275	1,201	114	510	100	161	169	1,054	+ 147
3	22	530	162	268	151	282	1,415	135	542	119	308	178	1,282	+ 133
4	37	602	112	157	153	310	1,371	144	624	106	120	189	1,183	+ 188
1974 *1*	40	622	119	123	181	328	1,413	151	692	115	95	204	1,257	+ 156
2	21	695	149	195	168	338	1,566	163	719	121	160	225	1,388	+ 178
3	22	690	204	313	228	336	1,793	160	690	153	300	258	1,561	+ 232
4	27	671	153	206	183	377	1,617	174	695	140	128	266	1,403	+ 214
1975 *1*	47	638	155	173	245	402	1,660	175	623	147	122	289	1,356	+ 304
2	33	668	184	245	238	420	1,788	184	646	153	205	324	1,512	+ 276
3	29	677	247	451	235	417	2,056	202	657	198	386	362	1,805	+ 251
4	30	686	194	254	289	480	1,933	198	679	166	165	390	1,598	+ 335
1976 *1*	60	702	191	210	340	504	2,007	221	696	157	140	344	1,558	+ 449
2	34	773	259	353	308	533	2,260	238	776	199	244	374	1,831	+ 429
3	73	854	342	652	283	531	2,735	244	818	242	415	430	2,149	+ 586
4	48	922	259	413	276	616	2,534	269	916	212	209	436	2,042	+ 492
1977 *1*	58	839	240	332	281	653	2,403	250	875	200	169	380	1,874	+ 529
2	41	870	301	497	317	685	2,711	247	869	246	275	421	2,058	+ 653
3	61	865	368	850	359	659	3,162	257	858	293	439	609	2,456	+ 706
4	70	804	290	450	337	732	2,683	268	850	246	235	462	2,061	+ 622
Seasonally adjusted														
1973 *1*	15	456	104	150	138	260	1,123	120	480	91	152	164	1,007	+ 116
2	26	485	122	167	142	274	1,216	121	513	101	161	169	1,065	+ 151
3	22	531	126	180	153	294	1,306	133	556	102	186	174	1,151	+ 155
4	41	590	128	184	160	307	1,410	139	611	111	183	190	1,234	+ 176
1974 *1*	25	632	145	190	169	318	1,479	152	682	129	160	212	1,335	+ 144
2	29	699	146	206	165	336	1,581	166	720	121	159	226	1,392	+ 189
3	25	685	161	211	236	354	1,672	159	701	132	173	255	1,420	+ 252
4	31	662	173	230	190	371	1,657	171	693	147	191	260	1,462	+ 195
1975 *1*	30	649	190	257	222	391	1,739	176	615	164	204	321	1,480	+ 259
2	41	671	180	271	231	418	1,812	185	647	153	214	343	1,542	+ 270
3	33	672	193	299	239	437	1,873	202	667	173	226	339	1,607	+ 266
4	35	677	217	296	315	473	2,013	196	676	174	234	362	1,642	+ 371
1976 *1*	35	714	234	322	311	491	2,107	223	688	175	236	384	1,706	+ 401
2	37	776	257	376	295	530	2,271	240	777	201	246	384	1,848	+ 423
3	88	848	270	451	293	558	2,508	243	829	212	242	392	1,918	+ 590
4	55	913	290	479	308	605	2,650	266	912	222	284	424	2,108	+ 542
1977 *1*	40	863	290	510	275	633	2,611	252	883	228	280	430	2,073	+ 538
2	45	874	296	525	311	683	2,734	249	867	246	278	441	2,081	+ 653
3	68	851	288	574	360	695	2,836	256	867	255	250	500	2,128	+ 708
4	77	790	325	520	348	718	2,778	265	835	256	310	501	2,167	+ 611

Invisible transactions

TABLE 4 (*continued*)

£ million

	Interest, profit and dividends					General government transfers			Private transfers			Total invisibles		
	Credits		Debits											
	General government	Private sector etc[1]	General government	Private sector etc[1]	Net	Credits	Debits	Net	Credits	Debits	Net	Credits	Debits	Net
1970	54	1,392	323	567	+ 556	—	177	— 177	192	226	— 34	4,983	4,248	+ 735
1971	91	1,388	295	679	+ 505	—	205	— 205	215	228	— 13	5,531	4,736	+ 795
1972	156	1,576	299	899	+ 534	—	210	— 210	231	288	— 57	6,081	5,254	+ 827
1973	176	2,716	376	1,193	+1,323	63	422	— 359	295	386	— 91	8,305	6,834	+1,471
1974	237	2,930	592	1,269	+1,306	130	450	— 320	355	441	— 86	10,041	8,361	+1,680
1975	266	2,680	783	1,263	+ 900	363	742	— 379	395	491	— 96	11,141	9,550	+1,591
1976	253	3,623	905	1,663	+1,308	251	1,043	— 792	425	494	— 69	14,088	11,685	+2,403
1977	413	3,460	1,101	2,489	+ 283	283	1,392	—1,109	481	588	—107	15,596	14,019	+1,577
Unadjusted														
1973 *1*	31	534	87	300	+ 178	3	105	— 102	64	87	— 23	1,700	1,517	+ 183
2	42	737	71	312	+ 396	7	122	— 115	71	108	— 37	2,058	1,667	+ 391
3	45	620	92	259	+ 314	25	98	— 73	77	89	— 12	2,182	1,820	+ 362
4	58	825	126	322	+ 435	28	97	— 69	83	102	— 19	2,365	1,830	+ 535
1974 *1*	53	819	133	341	+ 398	24	124	— 100	85	104	— 19	2,394	1,959	+ 435
2	53	760	122	321	+ 370	26	96	— 70	85	100	— 15	2,490	2,027	+ 463
3	56	637	152	265	+ 276	26	105	— 79	90	109	— 19	2,602	2,192	+ 410
4	75	714	185	342	+ 262	54	125	— 71	95	128	— 33	2,555	2,183	+ 372
1975 *1*	58	646	185	346	+ 173	106	190	— 84	95	106	— 11	2,565	2,183	+ 382
2	98	649	202	345	+ 200	78	173	— 95	100	132	— 32	2,713	2,364	+ 349
3	49	645	192	254	+ 248	93	165	— 72	100	122	— 22	2,943	2,538	+ 405
4	61	740	204	318	+ 279	86	214	— 128	100	131	— 31	2,920	2,465	+ 455
1976 *1*	68	801	205	401	+ 263	59	277	— 218	105	142	— 37	3,040	2,583	+ 457
2	75	879	241	393	+ 320	77	233	— 156	105	117	— 12	3,396	2,815	+ 581
3	54	937	229	383	+ 379	56	255	— 199	105	114	— 9	3,887	3,130	+ 757
4	56	1,006	230	486	+ 346	59	278	— 219	110	121	— 11	3,765	3,157	+ 608
1977 *1*	59	888	245	542	+ 160	74	370	— 296	110	138	— 28	3,534	3,169	+ 365
2	95	905	308	673	+ 19	58	323	— 265	116	129	— 13	3,885	3,491	+ 394
3	111	845	252	615	+ 89	60	347	— 287	125	147	— 22	4,303	3,817	+ 486
4	148	822	296	659	+ 15	91	352	— 261	130	174	— 44	3,874	3,542	+ 332
Seasonally adjusted														
1973 *1*	34	521	88	311	+ 156	3	88	— 85	64	87	— 23	1,745	1,581	+ 164
2	36	707	86	296	+ 361	7	115	— 108	71	108	— 37	2,037	1,670	+ 367
3	48	651	96	284	+ 319	25	116	— 91	77	89	— 12	2,107	1,736	+ 371
4	58	837	106	302	+ 487	28	103	— 75	83	102	— 19	2,416	1,847	+ 569
1974 *1*	55	787	132	347	+ 363	24	101	— 77	85	104	— 19	2,430	2,019	+ 411
2	47	745	138	308	+ 346	26	97	— 71	85	100	— 15	2,484	2,035	+ 449
3	60	681	149	290	+ 302	26	116	— 90	90	109	— 19	2,529	2,084	+ 445
4	75	717	173	324	+ 295	54	136	— 82	95	128	— 33	2,598	2,223	+ 375
1975 *1*	63	663	191	351	+ 184	106	153	— 47	95	106	— 11	2,666	2,281	+ 385
2	84	633	200	334	+ 183	78	171	— 93	100	132	— 32	2,707	2,379	+ 328
3	55	661	196	277	+ 243	93	178	— 85	100	122	— 22	2,782	2,380	+ 402
4	64	723	196	301	+ 290	86	240	— 154	100	131	— 31	2,986	2,510	+ 476
1976 *1*	74	822	198	408	+ 290	59	217	— 158	105	142	— 37	3,167	2,671	+ 496
2	59	861	227	377	+ 316	77	240	— 163	105	117	— 12	3,373	2,809	+ 564
3	61	957	230	423	+ 365	56	282	— 226	105	114	— 9	3,687	2,967	+ 720
4	59	983	250	455	+ 337	59	304	— 245	110	121	— 11	3,861	3,238	+ 623
1977 *1*	65	913	255	551	+ 172	74	314	— 240	110	138	— 28	3,773	3,331	+ 442
2	81	885	285	651	+ 30	58	328	— 270	116	129	— 13	3,874	3,474	+ 400
3	117	862	263	659	+ 57	60	374	— 314	125	147	— 22	4,000	3,571	+ 429
4	150	800	298	628	+ 24	91	376	— 285	130	174	— 44	3,949	3,643	+ 306

[1] Including public corporations.

General government services and transfers

TABLE 5

£ million

		Credits					Debits									
		Services			Transfers		Services			Transfers						
		EEC institutions	Military and other	Total services	EEC institutions	Total credits	Military	Administrative, diplomatic, etc.	Total services	Economic grants	Subscriptions and contributions to international organisations: EEC	Subscriptions and contributions to international organisations: Other	Other transfers	Total transfers	Total debits	General government (net)
1970		—	51	51	—	51	301	59	360	85	—	54	38	177	537	— 486
1971		—	59	59	—	59	315	59	374	103	—	63	39	205	579	— 520
1972		—	72	72	—	72	350	73	423	100	—	60	50	210	633	— 561
1973		13	91	104	63	167	424	89	513	106	187	75	54	422	935	— 768
1974		19	91	110	130	240	551	97	648	118	186	85	61	450	1,098	— 858
1975		32	107	139	363	502	645	114	759	166	350	149	77	742	1,501	— 999
1976		44	171	215	251	466	836	136	972	276	474	194	99	1,043	2,015	—1,549
1977		76	154	230	283	513	881	141	1,022	280	750	243	119	1,392	2,414	—1,901
Unadjusted																
1973	*1*	—	26	26	3	29	99	21	120	44	28	20	13	105	225	— 196
	2	5	14	19	7	26	93	21	114	17	64	29	12	122	236	— 210
	3	5	17	22	25	47	111	24	135	22	50	12	14	98	233	— 186
	4	3	34	37	28	65	121	23	144	23	45	14	15	97	241	— 176
1974	*1*	4	36	40	24	64	129	22	151	47	41	20	16	124	275	— 211
	2	5	16	21	26	47	138	25	163	20	32	30	14	96	259	— 212
	3	2	20	22	26	48	136	24	160	24	48	18	15	105	265	— 217
	4	8	19	27	54	81	148	26	174	27	65	17	16	125	299	— 218
1975	*1*	5	42	47	106	153	149	26	175	62	63	44	21	190	365	— 212
	2	9	24	33	78	111	155	29	184	26	92	36	19	173	357	— 246
	3	8	21	29	93	122	173	29	202	34	85	27	19	165	367	— 245
	4	10	20	30	86	116	168	30	198	44	110	42	18	214	412	— 296
1976	*1*	8	52	60	59	119	189	32	221	118	90	44	25	277	498	— 379
	2	11	23	34	77	111	204	34	238	38	123	49	23	233	471	— 360
	3	11	62	73	56	129	211	33	244	56	123	51	25	255	499	— 370
	4	14	34	48	59	107	232	37	269	64	138	50	26	278	547	— 440
1977	*1*	17	41	58	74	132	217	33	250	94	169	75	32	370	620	— 488
	2	18	23	41	58	99	211	36	247	47	178	70	28	323	570	— 471
	3	21	40	61	60	121	222	35	257	56	209	52	30	347	604	— 483
	4	20	50	70	91	161	231	37	268	83	194	46	29	352	620	— 459
Seasonally adjusted																
1973	*1*	—	15	15	3	18	98	22	120	26	30	19	13	88	208	— 190
	2	5	21	26	7	33	100	21	121	26	57	20	12	115	236	— 203
	3	5	17	22	25	47	110	23	133	28	59	15	14	116	249	— 202
	4	3	38	41	28	69	116	23	139	26	41	21	15	103	242	— 173
1974	*1*	4	21	25	24	49	130	22	152	27	41	18	15	101	253	— 204
	2	5	24	29	26	55	141	25	166	30	32	21	14	97	263	— 208
	3	2	23	25	26	51	135	24	159	30	48	23	15	116	275	— 224
	4	8	23	31	54	85	145	26	171	31	65	23	17	136	307	— 222
1975	*1*	5	25	30	106	136	149	27	176	35	63	35	20	153	329	— 193
	2	9	32	41	78	119	157	28	185	38	92	21	20	171	356	— 237
	3	8	25	33	93	126	173	29	202	41	85	33	19	178	380	— 254
	4	10	25	35	86	121	166	30	196	52	110	60	18	240	436	— 315
1976	*1*	8	27	35	59	94	190	33	223	69	90	35	23	217	440	— 346
	2	11	26	37	77	114	207	33	240	57	123	36	24	240	480	— 366
	3	11	77	88	56	144	210	33	243	72	123	62	25	282	525	— 381
	4	14	41	55	59	114	229	37	266	78	138	61	27	304	570	— 456
1977	*1*	17	23	40	74	114	218	34	252	52	169	64	29	314	566	— 452
	2	18	27	45	58	103	214	35	249	66	178	55	29	328	577	— 474
	3	21	47	68	60	128	221	35	256	67	209	67	31	374	630	— 502
	4	20	57	77	91	168	228	37	265	95	194	57	30	376	641	— 473

Interest, profits and dividends

TABLE 6

£ million

	Credits				Debits				Interest, profits and dividends (net)
	Direct investment[1]	Portfolio investment	Other[2]	Total	Direct investment[1]	Portfolio investment	Other[2]	Total	
1970	710	171	565	1,446	360	113	417	890	+ 556
1971	718	166	595	1,479	390	135	449	974	+ 505
1972	911	164	657	1,732	552	151	495	1,198	+ 534
1973	1,450	192	1,250	2,892	698	180	691	1,569	+1,323
1974	1,490	232	1,445	3,167	609	236	1,016	1,861	+1,306
1975	1,583	221	1,142	2,946	615	288	1,143	2,046	+ 900
1976	2,194	234	1,448	3,876	1,045	354	1,169	2,568	+1,308
1977	2,080	264	1,529	3,873	1,324	518	1,748	3,590	+ 283
Unadjusted									
1973 *1*	299	43	223	565	197	44	146	387	+ 178
2	329	50	400	779	197	44	142	383	+ 396
3	378	51	236	665	133	47	171	351	+ 314
4	444	48	391	883	171	45	232	448	+ 435
1974 *1*	361	52	459	872	140	60	274	474	+ 398
2	398	66	349	813	167	55	221	443	+ 370
3	330	57	306	693	129	59	229	417	+ 276
4	401	57	331	789	173	62	292	527	+ 262
1975 *1*	372	51	281	704	156	66	309	531	+ 173
2	390	57	300	747	160	84	303	547	+ 200
3	389	56	249	694	129	68	249	446	+ 248
4	432	57	312	801	170	70	282	522	+ 279
1976 *1*	467	53	349	869	243	79	284	606	+ 263
2	545	59	350	954	266	102	266	634	+ 320
3	563	62	366	991	236	82	294	612	+ 379
4	619	60	383	1,062	300	91	325	716	+ 346
1977 *1*	514	65	368	947	310	112	365	787	+ 160
2	566	65	369	1,000	359	161	461	981	+ 19
3	505	68	383	956	328	120	419	867	+ 89
4	495	66	409	970	327	125	503	955	+ 15
Seasonally adjusted									
1973 *1*	304	45	206	555	206	43	150	399	+ 156
2	319	48	376	743	183	45	154	382	+ 361
3	390	50	259	699	156	47	177	380	+ 319
4	437	49	409	895	153	45	210	408	+ 487
1974 *1*	366	55	421	842	145	58	276	479	+ 363
2	390	63	339	792	157	57	232	446	+ 346
3	343	56	342	741	149	59	231	439	+ 302
4	391	58	343	792	158	62	277	497	+ 295
1975 *1*	378	54	294	726	159	66	317	542	+ 184
2	384	54	279	717	153	74	307	534	+ 183
3	402	55	259	716	147	74	252	473	+ 243
4	419	58	310	787	156	74	267	497	+ 290
1976 *1*	475	57	364	896	247	80	279	606	+ 290
2	538	56	326	920	254	90	260	604	+ 316
3	580	61	377	1,018	270	91	292	653	+ 365
4	601	60	381	1,042	274	93	338	705	+ 337
1977 *1*	523	69	386	978	316	118	372	806	+ 172
2	558	63	345	966	342	132	462	936	+ 30
3	519	66	394	979	365	131	426	922	+ 57
4	480	66	404	950	301	137	488	926	+ 24

[1] Credits exclude the earnings of UK oil companies; debits exclude the earnings of UK oil and insurance companies.
[2] Including oil companies.

Investment and other capital transactions

TABLE 7

Not seasonally adjusted

£ million

	Official long-term capital	Overseas investment in UK public sector[1], [4]	Overseas investment in UK private sector	UK private investment overseas	Overseas currency borrowing or lending (net) by UK banks[1], [2]: Borrowing to finance UK investment overseas	Overseas currency borrowing or lending (net) by UK banks[1], [2]: Other borrowing or lending (net)	Exchange reserves in sterling[4]: British government stocks	Exchange reserves in sterling[4]: Banking and money market liabilities etc.	Other external banking and money market liabilities in sterling	Import credit[3]	Export credit[3]	Other short-term transactions	Total investment and other capital transactions
1966	− 81	+ 35	+ 264	− 303	+ 15	−207	− 51	+ 22	− 72	− 6	− 190	− 4	− 578
1967	− 59	+ 54	+ 360	− 456	+ 55	− 19	− 40	− 150	− 96	+ 13	− 202	+ 43	− 497
1968	+ 16	+ 16	+ 567	− 727	+155	−170	− 22	− 158	−128	+ 75	− 356	− 24	− 756
1969	− 99	− 56	+ 673	− 679	+ 72	−110	+237	+ 77	− 53	+153	− 334	− 46	− 165
1970	−205	− 10	+ 838	− 789	+180	+292	+ 63	+ 130	+266	+ 14	− 395	+188	+ 572
1971	−274	+107	+1,052	− 836	+280	+191	+ 55	+ 658	+709	+ 54	− 287	+107	+1,816
1972	−255	+120	+ 773	−1,383	+725	−254	+ 65	+ 222	− 91	+198	− 409	−399	− 688
1973	−254	+175	+1,652	−1,848	+595	− 70	+ 74	+ 87	− 7	+349	− 552	−152	+ 49
1974	−276	+252	+2,278	−1,149	+270	−564	−124	+1,534	+148	+172	− 809	− 48	+1,684
1975	−288	+ 43	+1,719	−1,383	+320	− 85	+ 7	− 624	+550	+224	− 570	+290	+ 203
1976	−158	+203	+2,062	−2,154	+165	−271	+ 14	−1,421	+255	+242	−1,178	−565	−2,806
1977	−302	+2,179	+2,953	−1,734	+620	−355	+ 5	− 24	+1,471	+ 68	− 211	+132	+4,802
1969 *1*	− 29	− 31	+ 197	− 200	+ 34	− 20	+ 34	+ 142	− 52	+ 38	− 75	+ 10	+ 48
2	− 11	+ 23	+ 155	− 162	+ 15	− 36	+ 47	+ 1	+ 2	+ 69	− 111	− 57	− 65
3	+ 29	− 65	+ 141	− 103	+ 9	− 16	+ 98	− 55	−103	+ 12	+ 8	− 47	− 92
4	− 88	+ 17	+ 180	− 214	+ 14	− 38	+ 58	− 11	+100	+ 34	− 156	+ 48	− 56
1970 *1*	− 48	+ 3	+ 263	− 227	+ 12	+113	+ 30	+ 138	+115	+ 6	− 63	+123	+ 465
2	− 38	− 3	+ 283	− 160	+ 32	+ 91	+ 34	+ 42	+ 82	+ 36	− 142	− 30	+ 227
3	− 20	− 23	+ 143	− 227	+ 60	− 84	+ 24	− 14	− 7	− 2	− 34	+ 23	− 161
4	− 99	+ 13	+ 149	− 175	+ 76	+172	− 25	− 36	+ 76	− 26	− 156	+ 72	+ 41
1971 *1*	− 46	+ 70	+ 336	− 204	+ 45	+ 39	+ 57	+ 168	+ 60	+ 9	− 74	+135	+ 595
2	− 44	+ 7	+ 280	− 236	+120	+ 28	+ 36	+ 244	− 3	+ 6	− 97	− 6	+ 335
3	− 34	+ 5	+ 216	− 162	+ 60	− 32	− 40	+ 137	+240	+ 27	+ 13	+ 48	+ 478
4	−150	+ 25	+ 220	− 234	+ 55	+156	+ 2	+ 109	+412	+ 12	− 129	− 70	+ 408
1972 *1*	− 42	+ 65	+ 152	− 343	+185	− 71	+ 70	+ 138	+ 3	+ 53	− 81	−136	− 7
2	− 39	+ 22	+ 179	− 373	+170	−302	− 8	+ 37	−167	+ 20	− 157	−238	− 856
3	− 17	+ 24	+ 236	− 313	+195	+ 4	− 35	− 52	− 5	+ 20	− 24	− 43	− 10
4	−157	+ 9	+ 206	− 354	+175	+115	+ 38	+ 99	+ 78	+105	− 147	+ 18	+ 185
1973 *1*	− 55	+ 44	+ 354	− 371	+175	−174	+ 18	+ 183	− 31	+ 59	− 212	+ 90	+ 80
2	− 31	+ 20	+ 447	− 417	+ 75	+ 77	+ 92	− 3	+ 77	+ 89	− 52	− 19	+ 355
3	− 27	+ 21	+ 309	− 360	+140	−104	− 38	− 307	− 70	+ 37	− 102	−135	− 636
4	−141	+ 90	+ 542	− 700	+205	+131	+ 2	+ 214	+ 17	+164	− 186	− 88	+ 250
1974 *1*	− 52	+ 32	+ 913	− 349	+190	−251	+ 68	+ 164	− 53	+ 22	− 125	− 47	+ 512
2	− 42	+107	+ 447	− 148	+125	− 69	−190	+ 421	+155	+ 90	− 335	+153	+ 714
3	− 15	+ 30	+ 538	− 182	+ 15	−361	− 67	+ 622	+ 61	+ 1	− 109	− 1	+ 532
4	−167	+ 83	+ 380	− 470	− 60	+117	+ 65	+ 327	− 15	+ 59	− 240	−153	− 74
1975 *1*	− 73	+ 66	+ 329	− 372	+ 30	−110	+ 6	+ 222	+ 19	− 37	− 117	+122	+ 85
2	− 39	—	+ 230	− 567	+100	+672	− 7	− 296	+286	− 55	− 75	−134	+ 115
3	− 26	− 52	+ 663	− 97	+125	−140	− 67	− 313	+ 1	+188	− 38	+ 33	+ 277
4	−150	+ 29	+ 497	− 347	+ 65	−507	+ 75	− 237	+244	+128	− 340	+269	− 274
1976 *1*	− 37	+ 9	+ 685	− 536	+ 65	+ 29	− 10	− 70	+ 5	− 33	− 303	−348	− 544
2	− 26	+ 13	+ 338	− 583	+ 90	−176	− 13	− 908	− 11	+ 87	− 351	−286	−1,826
3	− 10	+ 58	+ 540	− 476	+ 55	−327	− 19	− 330	+212	+105	− 154	−173	− 519
4	− 85	+123	+ 499	− 559	− 45	+203	+ 56	− 113	+ 49	+ 83	− 370	+242	+ 83
1977 *1*	− 24	+498	+ 847	− 465	+ 85	+336	−165	+ 355	+199	+ 40	+ 91	+122	+1,919
2	− 16	+921	+ 799	− 652	+195	−901	− 4	− 394	+350	+ 95	− 101	+ 20	+ 312
3	− 17	+291	+ 779	− 255	+210	− 26	+ 31	+ 43	+323	− 27	− 86	−122	+1,144
4	−245	+469	+ 528	− 362	+130	+236	+143	− 28	+599	− 40	− 115	+112	+1,427

[1] Excluding public sector borrowing under the exchange cover scheme which is included under 'official financing'.

[2] Including certain other financial institutions.

[3] Excluding trade credit between 'related' firms; after deducting advance and progress payments to suppliers. Net credit extended by UK merchants on third country trade is included within export credit.

[4] The take-up in April 1977 of £395 million of British government foreign currency bonds was mainly offset by a fall in exchange reserves in sterling.

Official long-term capital[1]

TABLE 8

Not seasonally adjusted

£ million

	Inter-government loans					Other official long-term capital		
			Repaid by UK					
	Made by UK	Repaid to UK	Export-Import Bank	Other	Total	UK sub-scriptions, to IDA, etc.	Other	Total official long-term capital[2]
1972	−110	+34	−58	−54	−188	− 52	−15	−255
1973	− 93	+31	−38	−53	−153	− 85	−16	−254
1974	−108	+33	−32	−52	−159	−106	−11	−276
1975	−113	+34	−22	−61	−162	−107	−19	−288
1976	− 54	+37	− 9	−12	− 38	−102	−18	−158
1977	− 44	+36	—	−68	− 76	−201	−25	−302
1975 *1*	− 55	+ 5	—	—	− 49	− 21	− 3	− 73
2	− 14	+13	−14	− 4	− 19	− 15	− 5	− 39
3	− 26	+ 5	—	—	− 22	− 1	− 4	− 26
4	− 18	+11	− 8	−57	− 72	− 70	− 7	−150
1976 *1*	− 23	+ 5	—	—	− 18	− 9	− 9	− 37
2	− 10	+13	− 9	− 6	− 12	− 12	− 3	− 26
3	− 12	+ 6	—	—	− 6	− 2	− 2	− 10
4	− 9	+13	—	− 6	− 2	− 79	− 4	− 85
1977 *1*	− 18	+12	—	—	− 6	− 8	−10	− 24
2	− 7	+15	—	− 6	+ 1	− 13	− 4	− 16
3	− 10	+ 9	—	—	—	− 13	− 5	− 17
4	− 9	—	—	−62	− 71	−167	− 6	−245

[1] Assets: increase−/decrease+. Liabilities: increase+/decrease−.
[2] Components and totals are rounded independently.

Overseas investment in UK public sector[1]

TABLE 9

Not seasonally adjusted

£ million

	In British government stocks[2]	In British government foreign currency bonds	In local authorities securities and mortgages	Net issues abroad[3]		Net borrowing abroad from banks, etc.[3]		
				Public corporations	Local authorities	Public corporations	Local authorities	Total
1972	+108	—	+ 5	—	—	+ 7	—	+120
1973	+ 42	—	+32	+52	+30	+ 19	—	+175
1974	+105	—	−10	+85	—	+ 69	+ 3	+252
1975	− 13	—	+ 4	− 4	—	+ 56	—	+ 43
1976	+116	—	+14	+46	—	+ 27	—	+203
1977	+979	+395	+28	+30	—	+747	—	+2,179
1975 *1*	+ 36	—	—	—	—	+ 30	—	+ 66
2	− 1	—	+ 2	− 4	—	+ 3	—	—
3	− 56	—	− 1	—	—	+ 5	—	− 52
4	+ 8	—	+ 3	—	—	+ 18	—	+ 29
1976 *1*	− 1	—	+ 6	− 4	—	+ 8	—	+ 9
2	+ 14	—	+ 1	—	—	− 2	—	+ 13
3	+ 53	—	+ 5	—	—	—	—	+ 58
4	+ 50	—	+ 2	+50	—	+ 21	—	+123
1977 *1*	+350	—	+ 8	− 5	—	+145	—	+498
2	+ 37	+395	+11	—	—	+478	—	+921
3	+246	—	+ 6	—	—	+ 39	—	+291
4	+346	—	+ 3	+35	—	+ 85	—	+469

[1] Net of disinvestment. Liabilities: increase+/decrease−.
[2] Denominated in sterling: excluding investment by central monetary institutions and international organisations.
[3] Excluding borrowing under the exchange cover scheme.

Overseas investment in UK private sector[1]

TABLE 10

	Not seasonally adjusted						
	£ million						
	Direct[2]			UK company securities		Oil companies' and other miscellaneous investment	Total
	Unremitted profits	Other	Total	Issues abroad (net)	Other securities		
1972	+301	+104	+405	+149	+ 6	+ 213	+ 773
1973	+338	+388	+726	+138	+ 91	+ 697	+1,652
1974	+243	+594	+837	+ 2	+132	+1,307	+2,278
1975	+240	+285	+525	+ 56	− 24	+1,162	+1,719
1976	+568	+185	+753	+ 56	+160	+1,093	+2,062
1977	+792	+219	+1,011	+216	+203	+1,523	+2,953
1975 *1*	+ 70	+ 41	+111	+ 6	− 4	+ 216	+ 329
2	+ 67	+ 73	+140	+ 25	− 39	+ 104	+ 230
3	+ 80	+ 96	+176	+ 10	+ 5	+ 472	+ 663
4	+ 23	+ 75	+ 98	+ 15	+ 14	+ 370	+ 497
1976 *1*	+150	+ 54	+204	+ 24	+ 18	+ 439	+ 685
2	+131	− 61	+ 70	+ 15	+ 58	+ 195	+ 338
3	+140	+115	+255	+ 25	+ 38	+ 222	+ 540
4	+147	+ 77	+224	− 8	+ 46	+ 237	+ 499
1977 *1*	+177	+ 88	+265	+ 16	+ 79	+ 487	+ 847
2	+229	+ 58	+287	+163	+ 14	+ 335	+ 799
3	+210	+ 39	+249	+ 26	+120	+ 384	+ 779
4	+176	+ 34	+210	+ 11	− 10	+ 317	+ 528

[1] Net of disinvestment. Liabilities: increase+/decrease−.
[2] Excluding the transactions of oil and insurance companies.

UK private investment overseas[1]

TABLE 11

	Not seasonally adjusted					
	£ million					
	Direct[2]				Oil companies' and other miscellaneous investment	Total
	Unremitted profits	Other	Total	Portfolio		
1972	− 465	−272	− 737	−585	− 61	−1,383
1973	− 840	−781	−1,621	+293	−520	−1,848
1974	− 851	−724	−1,575	+755	−329	−1,149
1975	− 873	−221	−1,094	− 49	−240	−1,383
1976	−1,298	−630	−1,928	+165	−391	−2,154
1977	−1,148	−381	−1,529	+128	−333	−1,734
1975 *1*	− 204	− 99	− 303	+ 24	− 93	− 372
2	− 206	− 46	− 252	− 44	−271	− 567
3	− 223	− 19	− 242	− 22	+167	− 97
4	− 240	− 57	− 297	− 7	− 43	− 347
1976 *1*	− 302	−208	− 510	− 78	+ 52	− 536
2	− 303	−159	− 462	+ 24	−145	− 583
3	− 340	− 64	− 404	+ 45	−117	− 476
4	− 353	−199	− 552	+174	−181	− 559
1977 *1*	− 303	−172	− 475	+ 36	− 26	− 465
2	− 306	− 97	− 403	− 24	−225	− 652
3	− 283	+ 74	− 209	+ 67	−113	− 255
4	− 256	−186	− 442	+ 49	+ 31	− 362

[1] Net of disinvestment. Assets: increase−/decrease+.
[2] Excluding the transactions of oil companies but including investment by a number of public corporations.

Import and export credit[1]

TABLE 12

Not seasonally adjusted

£ million

	Import credit					Export credit					
	Credit received by UK businesses					Credit extended by UK banks					
	Identified long-term[2]	Other	Total	Advance and progress payments	Total	Identified long-term	Other	Total	Suppliers' credit[3]	Advance and progress payments	Total
1972	+176	+ 41	+217	− 19	+198	−312	− 25	−337	−167	+ 95	− 409
1973	+148	+216	+364	− 15	+349	−254	−120	−374	−324	+146	− 552
1974	+ 76	+138	+214	− 42	+172	−419	−198	−617	−492	+300	− 809
1975	+ 53	+ 65	+118	+106	+224	−633	− 49	−682	−122	+234	− 570
1976	− 53	+320	+267	− 25	+242	−703	−157	−860	−552	+234	−1,178
1977	− 3	+ 15	+ 12	+ 56	+ 68	−596	− 14	−610	+130	+269	− 211
1975 *1*	− 13	− 38	− 51	+ 14	− 37	−126	− 78	−204	+ 45	+ 42	− 117
2	− 2	− 51	− 53	− 2	− 55	−156	+ 27	−129	− 27	+ 81	− 75
3	+ 57	+ 42	+ 99	+ 89	+188	−146	+ 9	−137	+ 25	+ 74	− 38
4	+ 11	+112	+123	+ 5	+128	−205	− 7	−212	−165	+ 37	− 340
1976 *1*	− 18	+ 24	+ 6	− 39	− 33	−171	− 62	−233	−114	+ 44	− 303
2	+ 56	+ 53	+109	− 22	+ 87	−210	− 18	−228	−173	+ 50	− 351
3	− 26	+ 97	+ 71	+ 34	+105	−144	− 8	−152	− 67	+ 65	− 154
4	− 65	+146	+ 81	+ 2	+ 83	−178	− 69	−247	−198	+ 75	− 370
1977 *1*	+ 11	+ 55	+ 66	− 26	+ 40	−131	− 67	−198	+230	+ 59	+ 91
2	+ 25	− 50	− 25	+120	+ 95	−136	+ 5	−131	− 30	+ 60	− 101
3	− 10	− 25	− 35	+ 8	− 27	−136	+ 20	−116	− 60	+ 90	− 86
4	− 29	+ 35	+ 6	− 46	− 40	−193	+ 28	−165	− 10	+ 60	− 115

[1] Excluding trade credit between 'related' firms. Assets: increase−/decrease+. Liabilities: increase+/decrease−.
[2] Credit on ships, commercial aircraft and North Sea installations; prior to 1973 ships owned by oil companies are excluded.
[3] Includes net credit extended by UK merchants on third country trade.

Other short-term transactions[1]

TABLE 13

Not seasonally adjusted

£ million

	External sterling lending[2]	Official short-term transactions (nei)	Other commercial short-term transactions (net)[3]	IMF expenditure and receipts in sterling	IMF gold deposits in the UK	Total
1972	−241	+10	− 74	−83	−11	−399
1973	+ 35	+ 4	−191	—	—	−152
1974	+ 53	− 6	− 95	—	—	− 48
1975	+ 94	+13	+183	—	—	+290
1976	−305	+ 3	−263	—	—	−565
1977	+114	+11	+ 7	—	—	+132
1975 *1*	+ 46	—	+ 76	—	—	+122
2	−241	—	+107	—	—	−134
3	+ 35	− 1	− 1	—	—	+ 33
4	+254	+14	+ 1	—	—	+269
1976 *1*	−232	− 9	−107	—	—	−348
2	−210	+ 3	− 79	—	—	−286
3	−119	+ 2	− 56	—	—	−173
4	+256	+ 7	− 21	—	—	+242
1977 *1*	+185	+ 4	− 67	—	—	+122
2	−104	+ 2	+122	—	—	+ 20
3	− 16	+ 2	−108	—	—	−122
4	+ 49	+ 3	+ 60	—	—	+112

[1] Assets: increase−/decrease+. Liabilities: increase+/decrease−.
[2] Excluding credit for UK exports.
[3] Prior to 1973 includes trade credit on oil companies' ships which thereafter is included in import credit.

Official financing[1]

TABLE 14

£ million

	Net transactions with overseas monetary authorities							Foreign currency borrowing:			
	International Monetary Fund[2]				Other monetary authorities[3]						
	UK drawings	UK re-purchases	Other net drawings[4]	Total	Foreign currency	Sterling	Total	by HM Government[5]	by public sector under exchange cover scheme	Drawings on (+)/ additions to (−) official reserves[6]	Total official financing
1972	—	−313	−102	− 415	—	+ 864	+ 864	—	—	+ 692	+1,141
1973	—	—	—	—	—	—	—	—	+ 999	− 228	+ 771
1974	—	—	—	—	—	—	—	+644	+1,107	− 105	+1,646
1975	—	—	—	—	—	—	—	+423	+ 387	+ 655	+1,465
1976	+1,018	—	—	+1,018	− 20	− 14	− 34	—	+1,791	+ 853	+3,628
1977	+1,525	−412	—	+1,113	—	—	—	+871	+ 241	−9,588	−7,363
1975 *1*	—	—	—	—	—	—	—	+423	+ 45	− 142	+ 326
2	—	—	—	—	—	—	—	—	+ 162	+ 410	+ 572
3	—	—	—	—	—	—	—	—	+ 43	+ 170	+ 213
4	—	—	—	—	—	—	—	—	+ 137	+ 217	+ 354
1976 *1*	+ 580	—	—	+ 580	—	—	—	—	+ 276	− 178	+ 678
2	+ 438	—	—	+ 438	+356	+ 225	+ 581	—	+ 582	+ 354	+1,955
3	—	—	—	—	+189	+ 120	+ 309	—	+ 492	+ 61	+ 862
4	—	—	—	—	−565	− 359	− 924	—	+ 441	+ 616	+ 133
1977 *1*	+ 682	—	—	+ 682	—	—	—	+584	+ 18	−3,197	−1,913
2	+ 629	−412	—	+ 217	—	—	—	—	+ 33	−1,158	− 908
3	+ 214	—	—	+ 214	—	—	—	+287	+ 116	−3,227	−2,610
4	—	—	—	—	—	—	—	—	+ 74	−2,006	−1,932

[1] From 23 August 1971, valued in sterling at current market rates of exchange. [2] Components and the total are rounded independently. From July 1972, includes only credit tranche transactions and, from January 1976, UK drawings on the oil facility. [3] Net borrowing from other monetary authorities in the form of foreign currency deposits and assistance with a sterling counterpart, and other special swaps. [4] Drawings (−) and repurchases (+) in sterling by other countries. [5] Drawings on two euro-dollar facilities for HM Government to borrow $2,500 million and $1,500 million. [6] From July 1972, includes transactions affecting the UK reserve position in the IMF.

International Monetary Fund

TABLE 15

£ million

	United Kingdom account with the IMF[1]									End of period		
				Credit tranche							United Kingdom tranche position[2]	
	UK gold sub-scription	IMF gold deposits in UK	Gold tranche (net)	UK drawings	UK re-purchases	Other net drawings	Other IMF sterling trans-actions	Other Fund drawings	Change in account with IMF	IMF holdings of sterling	Total	*of which* Gold tranche
1972	—	−11	− 33	—	− 21	−102	−83	—	− 250	1,132[3]	1.215	49
1973	—	—	—	—	—	—	—	—	—	1,189[3]	1,215	49
1974	—	—	− 45	—	—	—	—	—	− 45	1,143	1,252	86
1975	—	—	− 54	—	—	—	—	—	− 54	1,089	1 294	127
1976	—	—	+174	+437	—	—	—	+573	+1,184	2,808[3]	1,400	—
1977	—	—	—	+1,468	−412	—	—	—	+1,056	4,150	717	—
1975 *1*	—	—	− 10	—	—	—	—	—	− 10	1,133	1,261	94
2	—	—	− 7	—	—	—	—	—	− 7	1,126	1,265	99
3	—	—	− 28	—	—	—	—	—	− 28	1,098	1,287	120
4	—	—	− 9	—	—	—	—	—	− 9	1,089	1,294	127
1976 *1*	—	—	+174	—	—	—	—	+573[4]	+ 747	2,061[3]	1,692	—
2	—	—	—	+437	—	—	—	—	+ 437	2,808[3]	1,400	—
3	—	—	—	—	—	—	—	—	—	2,808	1,400	—
4	—	—	—	—	—	—	—	—	—	2,808	1,400	—
1977 *1*	—	—	—	+624	—	—	—	—	+ 624	3,432	983	—
2	—	—	—	+628	−412	—	—	—	+ 216	3,934[3]	850	—
3	—	—	—	+216	—	—	—	—	+ 216	4,150	717	—
4	—	—	—	—	—	—	—	—	—	4,150	717	—

[1] UK assets with IMF: increase−/decrease+. UK liabilities to IMF: increase+/decrease−. From first quarter 1972 valued at the rates of exchange at which the Fund accounts for its holdings of sterling (not necessarily the market rates current at the time of the transaction as used in Table 14).
[2] The amount, valued at parity, the United Kingdom could draw without raising IMF holdings of sterling beyond 200 per cent of quota. From first quarter 1976 this maximum was increased on a temporary basis to 245 per cent of quota. The UK quota was raised in November 1970, from $2,440 million (£1,017 million) to $2,800 million (£1,167 million). From March 1972 the unit of account of the IMF was changed from dollars to SDRs. The quota is therefore now expressed as SDR 2,800 million (£1,167 million).
[3] Includes maintenance of value adjustments of −£3 million in May 1972, £57 million in May 1973, £226 million in March 1976, £310 million in May 1976, and £286 million in May 1977, to maintain a constant value in terms of SDRs of the Fund's holding of sterling following the Fund's decision to value certain currencies at market rates of exchange. [4] Oil facility.

Official long-term borrowing[1]

TABLE 16

£ million

End of period

	Inter-government loans											
			USA						Canada			
	German Federal Republic	Portugal	Lend-lease	Line of credit	Economic Co-operation administration	Mutual Security Agency	Export Import Bank credit	Other	Line of credit	Pakistan and Bangladesh	Total[2]	Other official long-term capital
1971	49	7	173	1,111	87	15	148	1	350	2	1,943	—
1972	53	2	184	1,179	89	16	100	1	374	2	2,000	—
1973	54	—	181	1,162	83	15	61	1	369	2	1,928	—
1974	53	—	174	1,119	75	14	28	1	357	2	1,823	—
1975 *1*	52	—	171	1,094	74	14	27	1	345	2	1,780	—
2	57	—	188	1,204	77	15	15	—	353	2	1,911	—
3	61	—	201	1,286	82	16	16	—	397	2	2,061	—
4	62	—	197	1,264	79	16	8	—	393	2	2,021	—
1976 *1*	65	—	208	1,335	84	17	9	—	429	2	2,149	—
2	70	—	233	1,433	85	17	—	—	468	2	2,308	—
3	75	—	239	1,533	91	18	—	—	498	2	2,456	—
4	74	—	235	1,507	84	17	—	—	471	2	2,390	—
1977 *1*	73	—	232	1,487	83	17	—	—	444	2	2,337	—
2	73	—	232	1,487	77	17	—	—	444	2	2,331	—
3	72	—	228	1,464	76	16	—	—	431	2	2,288	—
4	65	—	202	1,296	65	14	—	—	374	2	2,017	—

[1] Figures are converted to sterling at $2·40 = £1 for end-year 1970; at $2·60571 = £1 for end-year 1971 and at end period middle-market closing rates thereafter. Changes to the figures in this table resulting from exchange rate variations are not recorded as loans or loan repayments in tables 7 and 8.
[2] The components are rounded independently from the overall total.

Official long-term lending

TABLE 17

£ million

End of period

	Inter-government loans[1]								Other official long-term capital[3]
	India	Pakistan and Bangladesh	Kenya	Singapore	Turkey	Poland	Other countries	Total[2]	
1971	374	80	62	27	45	48	332	969	537
1972	413	89	52	33	49	48	337	1,020	604
1973	448	94	52	37	47	48	351	1,079	703
1974	507	98	52	37	45	48	364	1,152	818
1975 *1*	539	102	53	37	44	48	377	1,201	842
2	538	104	52	37	44	48	379	1,202	862
3	548	107	52	37	44	48	386	1,223	867
4	550	109	52	37	43	48	392	1,231	945
1976 *1*	556	110	53	37	43	48	401	1,248	963
2	550	111	53	37	42	48	405	1,246	973
3	552	113	53	37	41	48	407	1,251	976
4	547	114	52	37	41	48	409	1,248	1,060
1977 *1*	546	112	53	37	42	48	415	1,254	1,078
2	540	111	52	37	42	48	416	1,247	1,095
3	538	111	52	37	41	48	419	1,247	1,112
4	534	110	51	37	41	48	421	1,242	1,285

[1] Some loans have, by agreement with the debtor country, been written down either in whole or in part. Such changes are reflected in the entries in this table but are not recorded as repayments in the general balance of payments tables or in Table 8.
[2] The components are rounded independently from the overall total.
[3] Subscriptions to international financial organisations (excluding the IMF) and other official assets.

Exchange reserves in sterling; and banking and money market liabilities in sterling to holders other than central monetary institutions

Summary

TABLE 18

£ million

End of period

	Exchange reserves in sterling held by central monetary institutions[1]					Banking and money market liabilities to holders other than CMIs		
			Banking and money market liabilities, etc.					
	Total	British government stocks[2]	Total	External deposits[3]	Treasury bills[4]	Total	External deposits[3]	Treasury bills
Total countries								
1971	3,030	1,307	1,723	996	727	2,382	2,379	3
1972	3,361	1,454	1,907	1,031	876	2,291	2,288	3
1973	3,379	1,428	1,951	1,439	512	2,284	2,280	4
1974[2]	4,725	1,295	3,430	1,870	1,560	2,432	2,426	6
	4,303	959	3,344	1,784	1,560	2,500	2,494	6
1975	3,714	1,023	2,691	1,629	1,062	3,229	3,201[5]	28
1976 *1*	3,620	1,052	2,568	1,413	1,155	3,234	3,225	9
2	2,701	1,001	1,700	1,009	691	3,223	3,212	11
3	2,371	983	1,388	935	453	3,435	3,401	34
4	2,203	964	1,239	813	426	3,484	3,470	14
1977 *1*	2,400	884	1,516	805	711	3,683	3,671	12
2	1,970	779	1,191	603	588	4,033	4,016	17
3	2,050	820	1,230	657	573	4,356	4,342	14
4	2,132	1,077	1,055	737	318	4,955	4,935	20
International organisations[6]								
1971	210	109	101	10	91	—	—	—
1972	257	118	139	17	122	—	—	—
1973	310	128	182	20	162	—	—	—
1974[2]	363	126	237	51	186	—	—	—
	331	94	237	51	186	—	—	—
1975	386	120	266	68	198	—	—	—
1976 *1*	400	81	319	94	225	—	—	—
2	398	119	279	74	205	—	—	—
3	379	118	261	57	204	—	—	—
4	436	139	297	65	232	—	—	—
1977 *1*	429	54	375	92	283	—	—	—
2	461	155	306	108	198	—	—	—
3	455	145	310	93	217	—	—	—
4	703	246	457	143	314	—	—	—
Total all holders								
1971	3,240	1,416	1,824	1,006	818	2,382	2,379	3
1972	3,618	1,572	2,046	1,048	998	2,291	2,288	3
1973	3,689	1,556	2,133	1,459	674	2,284	2,280	4
1974[2]	5,088	1,421	3,667	1,921	1,746	2,432	2,426	6
	4,634	1,053	3,581	1,835	1,746	2,500	2,494	6
1975	4,100	1,143	2,957	1,697	1,260	3,229	3,201[5]	28
1976 *1*	4,020	1,133	2,887	1,507	1,380	3,234	3,225	9
2	3,099	1,120	1,979	1,083	896	3,223	3,212	11
3	2,750	1,101	1,649	992	657	3,435	3,401	34
4	2,639	1,103	1,536	878	658	3,484	3,470	14
1977 *1*	2,829	938	1,891	897	994	3,683	3,671	12
2[8]	2,431	934	1,497	711	786	4,033	4,016	17
3	2,505	965	1,540	750	790	4,356	4,342	14
4	2,835	1,323	1,512	880	632	4,955	4,935	20

[1] Sterling reserves of overseas countries and international organisations (other than the IMF) as reported by UK banks, etc.

[2] A modified reporting system was introduced at the end of 1974 giving rise to some change of definition and coverage. In particular, since 1974, all fourth quarter figures of holdings of British government stocks are now recorded at approximate market values instead of at nominal values, whereas, for the other quarters, holdings of British government stocks reflect the cash flows during each quarter. Therefore, the apparent change during the fourth quarter differs from the cash flows recorded in Table 7 by the amount of the revaluation for the whole year.

[3] Deposits with banks and other financial institutions, local authorities and certificates of deposit.

[4] Including non-interest-bearing notes held by international organisations, which stood at £210 million at the end of 1976.

Exchange reserves in sterling; and banking and money market liabilities in sterling to holders other than central monetary institutions

Geographical analysis

TABLE 18 (*continued*)

£ million

End of period

	Exchange reserves in sterling held by central monetary institutions[1]					Banking and money market liabilities to holders other than CMIs		
			Banking and money market liabilities					
	Total	British government stocks[2]	Total	External deposits[3]	Treasury bills	Total	External deposits[3]	Treasury bills
EEC countries								
1973	288	107	181	159	22	468	467	1
1974[2]	223	63	160	127	33	501	500	1
	177	60	117	84	33	518	517	1
1975 *1*	92	21	71	47	24	493	493	—
2	117	21	96	44	52	704	703[5]	1
3	112	21	91	67	24	703	701	2
4	124	25	99	46	53	774	751	23
1976 *1*	171	27	144	29	115	751	746	5
2	113	27	86	43	43	776	770	6
3	200	27	173	97	76	896	866	30
4	186	10	176	100	76	899	887	12
1977 *1*	262	10	252	100	152	896	886	10
2	151	10	141	38	103	925	911	14
3	175	—	175	102	73	1,052	1,042	10
4	174	—	174	103	71	1,309	1,292	17
Oil-exporting countries[7]								
1973	959	103	856	719	137	314	314	—
1974[2]	3,183	490	2,693	1,387	1,306	307	306	1
	3,101	423	2,678	1,369	1,309	344	343	1
1975 *1*	3,449	514	2,935	1,417	1,518	324	324	—
2	3,239	554	2,685	1,298	1,387	367	367	—
3	2,943	550	2,393	1,419	974	408	408	—
4	2,838	624	2,214	1,381	833	466	466	—
1976 *1*	2,623	703	1,920	1,148	772	473	473	—
2	1,964	721	1,243	784	459	444	444	—
3	1,541	714	827	626	201	449	449	—
4	1,421	736	685	462	223	497	497	—
1977 *1*	1,443	658	785	531	254	532	532	—
2	1,197	625	572	388	184	828	827	1
3	1,288	672	616	344	272	787	786	1
4	1,360	868	492	407	85	747	746	1
Other countries								
1973	2,132	1,218	914	561	353	1,502	1,499	3
1974[2]	1,319	742	577	356	221	1,624	1,620	4
	1,025	476	549	331	218	1,638	1,634	4
1975 *1*	971	414	557	383	174	1,702	1,695	7
2	872	396	476	254	222	1,913	1,907	6
3	803	353	450	263	187	1,874	1,869	5
4	752	374	378	202	176	1,989	1,984	5
1976 *1*	826	322	504	236	268	2,010	2,006	4
2	624	253	371	182	189	2,003	1,998	5
3	630	242	388	212	176	2,090	2,086	4
4	596	218	378	251	127	2,088	2,086	2
1977 *1*	695	216	479	174	305	2,255	2,253	2
2	622	144	478	177	301	2,280	2,278	2
3	587	148	439	211	228	2,517	2,514	3
4	598	209	389	227	162	2,899	2,897	2

[5] Improvements in coverage in the second quarter of 1975 added some £180 million.
[6] Excluding IMF.
[7] Algeria, Bahrain, Brunei, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, Trinidad and Tobago, United Arab Emirates, and Venezuela.
[8] Exchange reserves in sterling were reduced following the take-up of £395 million of British government foreign currency bonds in April 1977 – mainly by overseas monetary authorities.

External liabilities and claims of United Kingdom banks in overseas currencies[1]

TABLE 19

£ million

End of period

	Total all currencies	Currency: US dollars	Currency: Other overseas Currencies	Area of holder: Western Europe: EEC countries	Area of holder: Western Europe: Other countries	Area of holder: North America	Area of holder: Oil-exporting countries[2]	Area of holder: Other countries[3]
United Kingdom liabilities								
1971	17,605	14,146	3,459	10,423		2,676	934	3,572
1972	25,460	20,539	4,921	14,327		3,294	1,698	6,141
1973	39,017	29,770	9,247	12,606	9,737	4,240	2,012	10,422
1974[4]	47,451	37,810	9,641	11,996	11,011	4,738	7,888	11,818
1975	63,368	51,488	11,880	15,972	13,241	6,771	11,198	16,186
1976 *1*	68,501	55,486	13,015	16,879	14,516	7,038	11,771	18,297
2	75,767	62,201	13,566	17,030	14,960	8,672	13,956	21,149
3	82,544	67,572	14,972	18,169	16,274	8,738	15,980	23,383
4	87,319	71,958	15,361	20,477	15,898	9,334	16,648	24,962
1977 *1*	87,625	72,182	15,443	19,953	15,297	9,237	17,468	25,670
2	90,577	73,760	16,817	20,454	16,225	10,794	18,244	24,860
3	92,240	74,808	17,432	19,625	17,373	11,060	18,245	25,937
4	89,516	71,969	17,547	20,258	16,953	10,861	16,445	24,999
United Kingdom claims								
1971	16,680	13,023	3,657	8,139		2,479	305	5,757
1972	24,019	19,422	4,597	11,165		3,206	522	9,126
1973	36,274	28,174	8,100	12,518	3,923	4,424	825	14,584
1974[4]	43,651	35,194	8,457	12,086	4,987	5,066	992	20,520
1975	58,440	47,914	10,526	15,362	6,548	4,041	1,677	30,812
1976 *1*	63,158	50,868	12,290	16,410	6,757	4,533	1,853	33,605
2	70,050	57,109	12,941	17,733	7,665	4,452	2,226	37,974
3	76,520	62,208	14,312	19,216	8,283	4,906	2,766	41,349
4	81,076	66,139	14,937	21,309	9,016	6,022	3,193	41,536
1977 *1*	80,524	65,828	14,696	20,864	8,853	5,085	3,718	42,004
2	84,159	68,300	15,859	22,758	9,716	5,947	4,496	41,242
3	85,544	69,534	16,010	23,337	10,291	7,012	4,651	40,253
4	82,997	66,178	16,819	24,431	10,088	6,949	4,782	36,747
Net liabilities[5]								
1971	925	1,123	— 198	2,284		197	629	— 2,185
1972	1,441	1,117	324	3,162		88	1,176	— 2,985
1973	2,743	1,596	1,147	88	5,814	— 184	1,187	— 4,162
1974[4]	3,800	2,616	1,184	— 90	6,024	— 328	6,896	— 8,702
1975	4,928	3,574	1,354	610	6,693	2,730	9,521	—14,626
1976 *1*	5,343	4,618	725	469	7,759	2,505	9,918	—15,308
2	5,717	5,092	625	— 703	7,295	4,220	11,730	—16,825
3	6,024	5,364	660	— 1,047	7,991	3,832	13,214	—17,966
4	6,243	5,819	424	— 832	6,882	3,312	13,455	—16,574
1977 *1*	7,101	6,354	747	— 911	6,444	4,152	13,750	—16,334
2	6,418	5,460	958	— 2,304	6,509	4,847	13,748	—16,382
3	6,696	5,274	1,422	— 3,712	7,082	4,048	13,594	—14,316
4	6,519	5,791	728	— 4,173	6,865	3,912	11,663	—11,748

[1] Including certain other financial institutions. Including revaluations in sterling terms, (excluded from Table 7) and liabilities incurred by UK banks in respect of borrowings by UK public sector under the exchange cover scheme and HM Government drawings on two euro-dollar facilities.

[2] See footnote [7] to Table 18.

[3] Including unallocated items; under liabilities these are mainly unallocated dollar certificates.

[4] Although new reporting arrangements were introduced in December 1974, these are not thought to have led to any major inconsistencies between the figures from end-1974 onwards and for earlier figures, except for the exclusion of claims, on overseas customers, arising from acceptances, which contributed some £100 million in the earlier figures.

[5] Minus sign indicates that claims exceed liabilities.

Official reserves[1, 2]

TABLE 20

	$ million					£ million
	End of period					
	Gold	IMF special drawing rights	Convertible currencies	Reserve position in the IMF[2]	Total	Total[3]
1971	843	642	5,097	—	6,582	2,526
1972	801	656	4,063	126	5,646	2,404
1973	887	724	4,725	140	6,476	2,787
1974	888	830	4,823	248	6,789	2,890
1975 *1*	888	830	5,127	272	7,117	2,962
2	888	840	4,184	286	6,198	2,837
3	888	840	3,783	348	5,859	2,867
4	888	840	3,335	366	5,429	2,683
1976 *1*	888	830	4,187	—	5,905	3,082
2	888	790	3,634	—	5,312	2,976
3	888	759	3,511	—	5,158	3,092
4	888	728	2,513	—	4,129	2,426
1977 *1*	913	673	8,032	—	9,618	5,592
2	913	628	10,031	—	11,572	6,727
3	913	592	15,666	—	17,171	9,826
4	938	604	19,015	—	20,557	10,715

[1] From end-1970 convertible currencies are valued at middle or central rates. Special Drawing Rights are valued at SDR 1 = $1 at end-1970; at SDR 1 = $1·08571 from end-1971 to end-1972; and at SDR 1 = $1·20635 thereafter. Gold is valued at $35 per fine ounce at end-1970; $38 per fine ounce from end-1971 to end-1972; and at $42·2222 per fine ounce thereafter.

[2] From July 1972, the official reserves were redefined to include the UK reserve position in the IMF, which at that time amounted to $760 million. From end-1970 to end-1971 this was nil.

[3] Total reserves valued as in [1] above are converted to sterling at $2·4 = £1 at end-1970; at $2·60571 = £1 at end-1971 and at end-period dollar/sterling middle-market closing rates thereafter.

Official financing liabilities and official reserves [1]

TABLE 21

	£ million						
	End of period						
		Borrowing from other monetary authorities		Other foreign currency borrowing by			
	IMF[2]	Foreign currency[3]	Sterling[4]	by HM Government	by public sector under exchange cover scheme	Total official financing liabilities	Official reserves
1971	415	—	—	—	140	555	2,526
1972	—	—	—	—	156	156	2,404
1973	—	—	—	—	1,283	1,283	2,787
1974	—	—	—	638	2,380	3,018	2,890
1975 *1*	—	—	—	1,041	2,372	3,413	2,962
2	—	—	—	1,144	2,778	3,922	2,837
3	—	—	—	1,223	3,014	4,237	2,867
4	—	—	—	1,235	3,174	4,409	2,683
1976 *1*	630	—	—	1,305	3,654	5,589	3,082
2	1,149	353	224	1,401	4,515	7,642	2,976
3	1,230	566	360	1,499	5,338	8,993	3,092
4	1,205	—	—	1,469	5,646	8,320	2,426
1977 *1*	1,893	—	—	2,035	5,604	9,532	5,592
2	2,118	—	—	2,034	5,636	9,788	6,727
3	2,306	—	—	2,289	5,663	10,258	9,826
4	2,100	—	—	2,085	5,219	9,404	10,715

[1] Data denominated in dollars are converted to sterling at £1 = $2·4 at end-1970; at £1 = $2·60571 at end-1971 and at end-period middle-market closing rates thereafter. (From end-1970 non-dollar currencies are first converted to dollars at middle or central rates.)

[2] Drawings from the IMF, excluding interest and charges, and net of repayments to and drawings from the IMF by other countries in sterling (see Table 14 Official financing, and Table 15 UK account with IMF.)

[3] Borrowing in the form of foreign currency deposits.

[4] Borrowing and assistance with a sterling counterpart.

The changing problems of economic management

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The following is the text of a lecture given by Sir Douglas Wass to the Johnian Society in Cambridge on 15 February 1978.

Introduction

It is ten years since, in the Stamp Memorial Lecture for 1968, my predecessor, William Armstong, described the problems of steering a complex modern economy. These ten years have seen many changes in the economic environment and many changes in public attitudes and in economic thought. I am grateful for the opportunity provided by those who have made this lecture possible, the Master and the Officers of the Johnian Society in particular, to consider how the problems of economic management have changed in recent years and to describe some of the techniques we employ in the Treasury to resolve those problems.

I should like to emphasise at the outset that I am not going to describe the whole work of the Treasury. My theme concentrates on one particular, but crucial, dimension of Treasury work. Anyone seeking an account of how we spend our time must look elsewhere for clues – for example, to works by Sam Brittan, Heclo and Wildavsky – possibly even to parts of the Crossman diaries. I do not think that I completely recognise us from any of these works; but, as none of us has published a description of our daily lives as we see them, I cannot give better references. Some might feel that a description of what it is really like to be Permanent Secretary to the Treasury would be more interesting than what I am going to talk about. To them I can only say that it is a fact of life that no serving civil servant will ever regale his audience at a public lecture with an account of struggles for power, of clashes of personality, of ideological controversy behind closed doors and all the other themes beloved of the Sunday newspapers. What follows is very much an institututional view of a deliberately rather abstract theme.

Athough we are too close to recent events to see them sharply in focus, history is likely to regard the early 1970s as a watershed in the terrain of economic development. For twenty-five years the industrialised Western economies, following their emergence from the chaos and destruction of the War, had experienced an era of steady and indeed rapid expansion. The Keynesian prescription of maintaining aggregate demand at a high pressure mainly by the counter cyclical use of fiscal policy seemed to have reduced the economic cycle to almost trivial dimensions. If the problem of inflation had not been disposed of, it did not seem to be much more than a mild irritant to those who had to take economic decisions. Here and abroad there was a mood of almost Victorian optimism among businessmen, bankers, consumers and Government officials, and Armstrong's lecture in large part reflected that mood.

Today the scene is very different. A prolonged period of deep recession and rapid inflation throughout the world has greatly undermined business and consumer confidence. The belief in demand management as the sovereign specific for macro-economic health is badly shaken. New formulae have been put forward for the resolution of our collective problems, and what was a consensus among those who thought and wrote about macro-economic matters has given way to discord and disagreement.

The main causes of this break in confidence and in economic performance are well known. The higher inflation that began in the 1960s was followed by a rapid growth in world liquidity, and then the explosion of commodity, and especially oil, prices in 1972–74.

All this led to an inflationary spiral quite unlike anything we had experienced before. The response of most countries was to intensify the deflationary effects of the oil price rise by pursuing restrictive fiscal and monetary policies designed to cure a cost-inflationary situation by a reduction in demand. This came on top of the beginning of a downswing in the world business cycle. At the same time, because oil is provided by only a few countries and because many of them have not the capacity to spend their new wealth, huge balance of payments imbalances have appeared. The financing of these imbalances has posed unprecedented problems both for the official institutions like the IMF and for the financial markets of the world.

To these recent difficulties has to be added the emergence of what may be a more stubborn long-term problem, viz. the prospective world shortage of energy. I have never been one to be alarmed at predictions of a general shortage of raw materials and food, since the elasticity of supply can be relied upon to play its part in meeting an expansion of demand. But in the case of energy, whose supply, except perhaps in the very long run, may be severely constrained, we are facing a problem which within a generation may have a profound effect upon the whole character of economic development. Knowledge of this prospect is increasingly attracting the attention of those who have to formulate economic policy.

There have also been a number of important developments of a less cosmic, and more evolutionary, character.

The economies of the Western world have become steadily more integrated with each other. The move towards a multilateral free trade system begun as part of the wartime Anglo-American agreements gathered pace in the 1960s. Throughout the post-war period international trade has grown much faster than have domestic economies individually; the proportion of imports to total expenditure in the United Kingdom for instance has risen from 22 per cent in 1965 to 33½ per cent in 1976. This trend has been matched by greater foreign investment by industry and particularly by multinational companies, so that today the international content of the goods we buy in the shops is probably greater than at any point in the history of mankind.

As in the field of trade, so in the field of finance. Whereas twenty years ago money markets were largely domestic in character, today, thanks to currency convertibility and the emergence of the eurodollar market, they have become truly international. Money now moves quickly across the exchanges in response not just to the demands of trade but to changes in expectation of profit.

It is this increasing internationalisation of economic and financial activity which is in my view the single most important structural change in the world economy in the second half of the twentieth century. Its implications for the independence of national economic management are still not fully grasped.

Another very important change in the international environment was the ending of the Bretton Woods system of pegged exchange rates. Since 1971 enormous currency realignments have taken place. They have enabled countries to experience different inflation rates without creating payments imbalances as a result.

But if these issues affect all countries, there have been other developments which are more peculiar to the United Kingdom. Our relatively slow growth in output and productivity, the secular decline in our share of world export markets and our tendency towards faster inflation than our industrial competitors have become more apparent; and they have exacerbated the problems set us by world developments. They are of course by no means new to us as a country. Their existence was recognised nearly twenty years ago when the first steps to a policy designed to improve industrial performance were taken with the setting up of the National Economic Development Council (NEDC). If it has become increasingly apparent to us that there is no quick solution to these national problems, it is nonetheless clear that their continued existence is a perpetual challenge to those responsible for economic policy.

With these changes in the economic environment have come changes in economic thought and in the explanations of economic behaviour. The shocks of the oil crisis and their aftermath have disturbed what were understood to be stable causal relationships. As a result, economic predictions based largely on those relationships have been falsified and to some extent discredited. There are several reasons for these developments. The most important has undoubtedly been the impact of inflation. Uncertainty about the prospective value of money has led consumers, producers and investors to change their habits in ways which were certainly not predictable and which are still not fully understood. Secondly, in part because financial markets have assumed a greater role in the economic system, monetary factors have come to play a larger part in the explanation of economic activity than was the case in the past. Financial flows between savers and borrowers both within national economies and between countries have grown substantially in relation to economic activity, and these flows have been observed to be sensitive to monetary conditions – conditions which are now measured in terms of quantities rather than interest rates. In particular, short-term international flows between two financial centres seem to be related to the difference in monetary conditions in those centres. To the extent that this is so, domestic monetary policy may be seen to have an impact on the exchange rate and through that mechanism to the price level. The growth of the money stock is also thought to have a bearing on the price level of financial and other assets and in this way too monetary policy is believed to influence the rate of inflation. If the causal relationships are not fully understood, financial markets have come to see in monetary movements indications of the likely trend of prices; and they have based their behaviour on their inflationary expectations.

Objectives and constraints

Now, if the economic environment has changed in recent years, the basic objectives of economic policy in this country have not. They have been set out with varying degrees of emphasis by Chancellors of the Exchequer and by White Papers over a period which goes back to the Employment Policy White Paper of 1944. Reduced to their simplest and most fundamental terms they are to promote a high level of employment, to secure rising living standards (including better public services) and to keep prices stable. These aims of policy are not I think in political dispute, though the relative importance attached to each would not perhaps be the same throughout the spectrum of political opinion. The emphasis has changed too over time, as the nature of our problems has shifted. It is not for me, or indeed for any official, to express a normative view about fundamental priorities of policy. In a political democracy, issues as important as what combination of circumstances constitutes the highest level of economic welfare are for popular determination. This means that decisions on priorities are for Ministers.

But if it is not for officials to make value judgments about the basic aims of economic policy, they do have an important part to play in assessing the realisability of those aims and in evaluating their mutual compatibility. These two processes of course involve important matters of judgment, but the judgment is of a technical and professional rather than a political kind.

The fact that we, in common with most other countries, are still some way from achieving the aims of policy I have identified suggests that they may in fact be very difficult to realise. The reasons for this are complex, but I offer some account of the constraints that have stood in their way.

The first is the general state of the world economy. I have described how much more integrated Western economies have become in the past quarter of a century. The effect of this integration has been to enhance the difficulty of managing one economy without regard to what is

happening elsewhere. To attempt to do so is to court difficulties in the balance of payments, the area where problems first arise if any country gets out of step with its trading partners. We in the United Kingdom are familiar with the constraint of the balance of payments, so much so that we have perhaps tended to elevate a balance of payments target to the level of a basic objective of policy. However that may be, I believe that a failure to pursue policies which ensure a satisfactory outcome for the balance of payments is to put at risk the basic objectives themselves. I am sure that this view is also implicit in the position of those who argue that we should simply set ourselves an inflation objective. With the exchange rate floating the balance of payments could then be left to take care of itself. But if other policies are not consistent with a sound balance of payments position a large depreciation may be needed in order to bring the external position into balance. This depreciation would endanger the inflation objective, thus enforcing a more widespread change in domestic policies. In short, those who so argue cannot in fact ignore the balance of payments.

The second constraint has of course been that of rapid inflation itself. I described the elimination of inflation as a primary objective and it is not therefore entirely logical to describe inflation as a constraint. But its existence has unquestionably put in jeopardy the other two main aims of policy to a degree which previous generations might have questioned. It is true that the 1944 White Paper envisaged that measures to promote full employment would be fruitless unless wages and prices were kept reasonably stable. But this message tended to be overlooked until the acceleration of inflation in the early 1970s brought with it the conditions clearly envisaged by the wartime planners.

A third important constraint to the achievement of our broad economic goals is what I might call the basic inertia of the economy. In this respect the United Kingdom is no different in kind from other advanced economies, though in degree we have seemed to respond less flexibly than other countries to changes in the environment. Moreover our trend growth of productive potential is significantly below that of most other countries. We also quickly encounter supply bottlenecks when our growth rate exceeds that of our potential for growth, whatever the existing level of capacity utilisation. Such supply bottlenecks usually result in some degree of price inflation and some degree of deterioration of the balance of payments. To avoid these dangers, macro-economic policy must take full account of the rate of change of activity, as well as of the level of activity. It must also take account, as perhaps it did too little in the past, of the unsettling effect upon business opinion of sudden shifts in policy. A stable economic environment is what businessmen increasingly seek.

There are of course many other constraints, too numerous to cover in a single lecture. But no list would be complete without a mention of the need to maintain the confidence of those who have to take economic decisions, and in particular of the financial markets whose importance has grown so rapidly in recent years. If markets take the view that the policies pursued by a particular country are likely to damage assets held in that country or in the country's currency, they are likely to behave in ways which can actually enforce a policy change. Market behaviour has become a significant input in policy making.

The instruments

Now, if we accept these factors as constraints, what are the instruments available to a Government to bring about the realisation of its basic objectives and how has their availability changed over time? I shall deal with three main areas which I regard as relevant, viz. the management of demand, measures to influence the price level and action to improve the potential growth rate of output. Some of the instruments are relevant to all three areas though not always in ways which are wholly understood.

Whatever disagreement there may be about the value or even the usability of some instruments of policy, in the case of fiscal policy there is still relatively wide agreement as to its relevance as a regulator of aggregate demand and hence to its importance as a means to the pursuit of a high employment strategy. The disagreements are about the freedom and the frequency with which policy should be changed and about the extent to which fiscal changes actually lead to changes in domestic activity. Some argue that a substantial part of the effect is realised, after a lag, in the price level or in the current balance, rather than in domestic demand. But if it is the case that marginal changes in fiscal policy have their main impact upon aggregate domestic demand rather than on the price level, that impact will certainly be less at high levels of demand. In that case the inflationary impact of a fiscal stimulus is likely to be significant both because supply constraints are more likely to emerge, and because it may not be possible to finance the fiscal deficit without an undue expansion of the monetary stock, with consequential implications for the exchange rate.

I do not propose to describe in detail the considerations which go into the selection of the particular tax or expenditure instruments employed when a fiscal policy change is made. In the field of taxation the Treasury's immediate concern is to assess the demand and the monetary effects of a change. I shall describe later how we do this. But we are also interested in the impact of a tax change on the distribution of income and with whether the impact accords with the social objectives of the Government. We are concerned with the effect on incentives to work and produce. We must assess its impact on the price level and hence on the wage bargaining climate. The appraisal of the fiscal alternatives thus involves a complex evaluation of their costs and benefits, and the choice, as is so often the case in policy, is determined by a judgment of what in total produces the optimal outcome.

On the expenditure side, different considerations arise. The purpose of public expenditure is not to provide an instrument for managing the economy but to provide public services and, in the case of transfer payments, to meet certain social objectives. If frequent changes are made in public expenditure programmes for reasons of economic management, it becomes more difficult to provide the public services efficiently and economically, and more difficult to maintain effective control over public expenditure. In many programmes, especially investment programmes, changes demand long lead times. In others, including many of the transfer payments, quick increases in expenditure are in themselves feasible. But such increases are then commonly irreversible. This is a serious limitation in the use of these programmes as an economic regulator.

Until about 1973 these arguments were given considerable weight, and taxation was commonly seen as the main short-term fiscal regulator. Since then public expenditure programmes have, in fact, had to be adjusted more frequently and more substantially than was earlier thought desirable. This was in part the result of the pressure of events. But in recent years more weight has been given to the realisation that if the brunt of short-term fiscal policy changes falls on the tax side, the burden of adjustment falls mainly on the private sector. The consequent costs of disruption in the private sector may well be as great as the costs of disruption in the public sector. However, the distinction is not clear-cut. Sharp changes in public sector programmes may also have severe consequences for particular industries. It is necessary to look carefully at the effects both on the private and on the public sector before deciding what mixture of fiscal measures will best fit a particular situation. There is less presumption today that private demand should be the predominantly variable element.

The second major instrument of economic management is of course monetary policy where, for reasons which I have explained, the emphasis now lies on the control of the stock of money. But here too there is uncertainty about the extent to which monetary factors affect output on the one hand and prices on the other. The impact of monetary changes might fall partly on real demand – especially through the effects of interest rates or credit controls on investment. And it might fall partly on prices, first through movements in the exchange rate induced by monetary changes, and secondly through changes induced in the prices of different sorts of assets. There is no conclusive empirical evidence to help us to determine the relative extent of these various effects. However, I do not think that one needs to be too precise about the routes through which changes in the monetary aggregates affect the economy in order to consider the form which monetary policy now takes – viz. the determination and publication of monetary targets.

Sensibly applied, such targets can have several advantages. They can give greater assurance to the markets than any general, but unquantified, statements about the stance of monetary policy. The knowledge of the authorities' intentions for the money supply can lead in this way to more stable financial conditions. Moreover, the target can be a useful guide to those concerned with the day-to-day decisions on monetary policy, in between the more fundamental reappraisals of economic policy as a whole.

But such targets need to be viewed intelligently by both the authorities and those in the markets reacting to them, if they are to help rather than hinder sensible economic management. First, the interactions between monetary and fiscal policy are such that the setting of the target must itself form part of a concerted decision on the desired expansion of monetary demand. There would be considerable dangers in fixing a monetary target by some arbitrary formula, or market hunch – such as 2 per cent less or 2 per cent more than last year's target – in a way which ignored all the other elements of policy. To pursue a determined and pre-determined de-escalation of the rate of monetary expansion without regard to the effect of other aspects of policy would be to risk imposing serious costs upon the economy. If, for instance, the monetary target were not consistent with the fiscal stance, the consequences could be intolerably high interest rates, with all that they would imply for investment. An overall appraisal of monetary policy needs to take account of the fact that no one indicator can adequately describe all the monetary conditions in the economy: so while the target is fixed for one indicator, regard has to be had for the whole. It is almost certainly helpful to have a range rather than a point target. This recognises both that the links between monetary growth, activity and prices are far from precise and that there can be significant random fluctuations from month to month.

The third instrument of policy is the exchange rate, an area where there have been equally important developments affecting its relevance to our basic objectives. A decade ago, in the era of fixed rates, it was possible for governments to take explicit decisions about the parity they wished for their currency and in effect to enforce them, at least for a time. Parities had, of course, to be consistent with the need for some sort of payments equilibrium between countries, but there seemed to be a substantial margin within which governments had discretion to fix them. Since 1968 the Bretton Woods system has collapsed. It was, at that time, already showing signs of strain. Whatever the inventors of the system may have intended, in practice it did not prove sufficiently flexible. It did not, for instance, allow adjustments in exchange rates to take place in good time to correct balance of payments disequilibria resulting from fundamental divergences in the economic conditions of the major economies. This inflexibility was coupled with a vast increase in the amount of short-term capital that could be moved from one country to another and in the amount of other forms of speculation which resulted from the increasing sophistication of the world economy and its means of communication. Since 1973 the world has been operating a floating rate system and the oil price rises in the autumn of that year greatly added to the volatility of exchange rates. The large OPEC surpluses have imposed a large deficit on the rest of the world and the distribution of the deficit has been such that various leading currencies have from time to time come under severe market pressure. If the OPEC surpluses had not existed, that market pressure would almost certainly have been less, perhaps very much less.

In this situation the scope for governments themselves directly to determine their exchange rate is greatly limited. It is certainly difficult to the point of impossibility to hold a rate against strong downward attack. The United Kindom found this in 1976. It is perhaps less difficult to hold a rate against strong upward pressure. But even here there are problems which stem from the difficulty of absorbing currency inflows without expanding the domestic monetary stock. It is logically the case, of course, that insofar as currency flows are determined by relative monetary conditions an inflow which promotes monetary expansion brings with it a self-regulating mechanism. The danger however of allowing this mechanism to function is that it may well be inherently unstable.

The United Kingdom's experience over the past two years might lead some to the conclusion that governments have no means of influencing the exchange rate in order to seek some desired rate of economic growth. I must regard that as unjustifiably determinist. But we have to concede

that the means such as they are do not lie solely in the field of intervention policy. We have to view the exchange rate as something which is determined in great measure by domestic policies, including monetary policy. To that extent modern governments may have to accept a greater limitation on their freedom of manoeuvre than did their predecessors. In any case, movements in the exchange rate have effects not only on trade flows and output. They also affect the price level, and decisions involving the exchange rate must take account of both factors.

I turn now to incomes policy as an economic instrument. This is not of course a means primarily for adjusting aggregate demand, though a successful incomes policy could well affect demand in ways which might require offsetting fiscal policy changes. Incomes policies are conceived and executed as a way of influencing the price level. There have been several examples in our history where some success in this has been achieved. Dispute centres on whether such success can be lasting or whether any temporary success is not quickly reversed when the policies are modified or abandoned. On this the empirical evidence is dubious and any decision to pursue an incomes policy turns only partly on past experience. A government has to judge whether it has the authority, whether it be moral or of a more compulsive kind, to persuade those who fix wage bargains to be guided by anything but immediate self-interest. It is indeed the difficulty of making the pursuit of short-term self-interest coincide with the national interest which makes the problem of inflation so intractable. An incomes policy is an explicit attempt to persuade people that there may be a longer-term advantage to them in terms of both real income and job security if they do not pursue their immediate gain. As such its success turns considerably on a popular understanding of the damage which inflation causes and of its relevance to price stability.

Two important questions raised by an incomes policy are whether it is more or less likely to be successful if accompanied by increasing economic activity; and secondly whether wage restraint is made more acceptable if governments are able to give tax reliefs while it is being exercised. Such empirical evidence as is available suggests that tax reliefs do contribute to the acceptance of wage moderation as indeed does any increase in real income. But it also suggests that strong demand pressures in the labour market can seriously undermine an incomes policy, particularly in the non-unionised sector.

I turn now to the supply side of the economy, a subject which has increasingly occupied the Treasury as the importance of the constraints on economic growth has become apparent. It is in this area that the relevance of macro-economic policy instruments is least clear. We are concerned with the raising of our productive potential, which means both extracting more productivity from our existing stock of labour and capital and increasing our stock of capital. There is a school of thought which argues that the growth of industrial productivity is closely related with the growth of industrial production; and that macro-economic measures designed to raise output are the most effective way of increasing productivity. In other words supply is best promoted by maintaining a high level of demand. Whatever truth there may be in this the recent constraints to a high level of activity have made it difficult for us to pursue this course. As a longer-term proposition, however, I believe it to be the case that a reasonably high and steady level of activity is necessary if we are to secure the investment we need to improve our industrial performance. More selectively and directly, the Government has, through its industrial strategy, launched a comprehensive plan to strengthen our industrial base. This involves selective investment and manpower schemes and makes active use of the consultative processes of NEDC. It has undertaken to give a high priority to this objective, and we need to bring this to bear over the whole range of government policies, not least in those areas where a particular change in policy could make the task of industry more difficult.

Techniques

If these, then, are the principal economic instruments which, subject to the limitations I have described, a modern government has at its command, what analytical techniques do we now employ to devise a policy mix, or more precisely a range of policy mixes, of measures which will come nearest to realising the objectives of the government of the day?

I referred earlier to a modern economy as a somewhat inertial system. Measures to influence it therefore need to be introduced well ahead of the time when they will have their full effect. The familiar analogy with the super tanker is by no means inapt – the response is very slow. So, like the helmsman at the wheel of such a vessel, a modern policy adviser must be able to forecast where the present course is leading to; and he must have some means of gauging what the response will be – and when it will occur – to a particular turn of the wheel. For the proper formulation of policy we need, therefore, to be able both to make forecasts and to assess how a forecast will be affected by any change in policy. It is then possible to select, within the ranges of instruments available, the combination (with respect both to magnitude and to timing) which offers the prospect most consistent with any set of politically determined objectives and priorities. To achieve this the Treasury devotes considerable effort to the refinement and improvement of the necessary techniques and to the continuous testing of them for reliability.

Our national income forecasting model is now well known to the public, having been published two years ago. It consists of a set of some 650 mathematical equations which assert relationships between two or more economic variables and their movement over time. Many of the key equations are established by econometric techniques and most are derived from observation over a period of some 10–15 years. The model is 'structural' in the sense that the equations attempt to reflect some causal process, whether the causation is suggested by formal economic theory or simply by practical commonsense – for instance, that increases in production are likely to entail increases in employment. Some equations inevitably have a limited empirical foundation and rest heavily on *a priori* supposition. But we are continually testing the model for reliability and *a priori* suppositions which are disproved in practice are of course discarded.

We have at the same time undertaken a major research programme intended to provide a monetary sector for the model. The result is that we now have available a

structural model of domestic financial flows together with a similar model of external capital flows. Both are operational. Together with the national income model they provide a complete integrated model of the economy. This gives us a great deal of flexibility in forecasting and analysis. It is, for example, open to us to illustrate throughout the economy the effects of different stances of monetary policy on the exchange rate and interest rates. Or we can show the effect on the money supply and the reserves of different exchange rate and interest rate regimes. Though at academic seminars and on similar occasions, we have discussed these models of monetary flows as they have been developed, they are not yet publicly available in their present form. But this gap is about to be rectified. We plan to publish the monetary sector of the model in the near future.

Thanks to high-speed computers the actual computation of a forecast is a relatively rapid process. But the preparatory work is exceedingly complex and time-consuming, and is not easily amenable to mechanisation. Considerable judgment is involved in adjusting the predictions that the equations themselves yield. These adjustments reflect both known factors which the equations fail to take into account, and also unexplained but significant divergences between the calculated and actual values for the recent past.

The model-building developments I have described have recently come under attack, from a number of diverse directions. By some it is argued that macro-economic forecasting is wholly unreliable or unnecessary or both. That forecasting is liable to error is indisputable, and I join those who counsel caution in the use of economic models. But liability to error in no way justifies abandoning forecasting. On reflection, one will often find that a suggested alternative approach to policy simply means, in effect, deriving implicit forecasts by less careful and less checkable methods. It is clearly important to be aware of potential sources of error and to recognise which are the errors which would significantly affect the policy implications. But the existence of errors should in my view be a spur to more research and to attempts to understand better the working of the economy rather than a justification for abandoning forecasting. Some critics of detailed forecasting are inclined to argue that the structural working of the economy is too complex and perhaps too unstable to be captured in the static model; their prescription for policy is to go for relatively simple generalisations. There are of course some superficial attractions in working with simple rules which short circuit elaborate modelling. But it is frequently remarked that in macro-economics one can always find a simple rule which seems to have been valid for the last ten years; but that the chances of its surviving the next two years are usually very slim.

But having defended economic forecasting let me acknowledge that those who use forecasts must learn to develop great sensitivity in handling them. I referred to the margins of error and to their variability. Policy makers need also to develop an appreciation of the extent to which particular elements of a forecast are sensitive to variations in some initial assumption about an exogenous variable. If we make an error of x per cent in our assumption about the rate of growth of output in the United States, what is the consequential error in our forecast of the United Kingdom's external position? These are the sort of questions which the proper use of forecasts requires us to address ourselves to. Another factor we must heed is that certain key judgements in any forecast have to be made on only the most slender empirical base. At the present juncture I might cite as an example the path of import penetration. Some 'feel' for the sensitivity of the forecast to departures of these variables from the assumed path is essential if the forecast is to be used properly.

We use the model also as the other main tool of analysis, that is to say, to test the likely effects of particular policy changes. If for instance the forecast suggests that the economy is charting a course which, if I may momentarily beg the question, is different from the one desired, we wish to know what combination of policy measures is likely to bring it to, or most nearly to, the optimum. To carry out these simulations of policy measures we use two techniques. As a first approximation we resort to a series of ready-reckoners which tell us very crudely what are the effects on a number of important variables of a marginal change of policy. We may build on this by adding the effects of two separate measures, and we may use this method even when the policy changes are more than marginal. But a ready-reckoner can at best give us only a first approximation, for any full analysis of a policy change must recognise that the context of such a change is important as well as the nature of the change. Moreover, two different policy changes may have effects which are not additive. And, finally, for large and non-marginal changes the effects may well not be linearly related to the effects of a small change. For a complete appreciation of a policy change we need therefore to produce in effect a new forecast from which alone it is possible to say with any confidence that the secondary and tertiary effects of the change are fully absorbed. Our recent experience suggests that these secondary effects frequently stem from the monetary consequences of a policy change, and this underlines the importance of our model incorporating as accurately as possible the monetary dimension to which I referred earlier.

The time horizon taken at the time of a major policy review, as at the time of a Budget, is normally from one to two years. This is perhaps the limit to which we can hope with any clarity to descry the future. But from time to time, for instance in connection with the reviews of public expenditure, we make rather longer forecasts and simulations of policy which we examine over a period of up to five years. These may sometimes be helpful in illuminating, however darkly, some of the problems and difficulties which both present policy and departures from policy may generate. But it is fair to say that we treat with the greatest reserve the precise tabulations of the future five years which the computer produces.

In between comprehensive policy reviews it may become apparent to us that the course we charted for the economy is not the one which it is following. The departure from the chosen path may signal some fundamental error in the forecast. We may, for instance, have seriously miscalculated the balance of trade or the growth of output or the rise in wage costs. When such errors are discovered it is customary for us to collect a series of data before concluding that what is observed is more than a temporary aberration. At that point it is necessary to consider whether significant

corrective action is called for and, if it is, a suitable range of policy measures is examined. But with growing concern with the need for stability in the economic environment, we hesitate a good deal before changing course unless this is absolutely necessary or plainly desirable. The costs of disruptive change in the environment may exceed the costs of sticking to existing policy even if it is in some respects demonstrably unsatisfactory.

I referred earlier to the Government's adoption of the practice of announcing a target range for the growth of the money supply. This raises the question of what the response should be if it appears that the underlying trend for the growth of the money stock has shifted to outside the desired range. In many cases it may be possible to take monetary action which is sufficient to bring the trend back on course, while still being consistent with the Government's overall economic strategy. But it is conceivable that a situation may arise in which the monetary action required might be greater than would be compatible with that strategy, even though other developments in the economy were in line with it. In such a situation the policy adviser would have to evaluate the costs and risks for the economy generally of the policy changes, not necessarily just in monetary policy required to bring the money stock back to the desired trend. And then compare them with the comparable costs and risks of failing to do so – and of being seen to fail. Full account would have to be taken of the effect on the public, and particularly on financial markets, since such failure could well lead them to react in ways which were actually more damaging to the economy than would be the corrective action to keep the money stock on course. But here there is no absolute rule to guide us. The art of policy making would be an easy one if the choices that had to be made when our predictions were falsified were always uniquely programmed in advance.

I have described earlier in this lecture the broad objectives of economic management, indicating that the choice of priorities as between the fundamental objectives is essentially a matter for political decision. However, merely to select the options on which to perform simulations – and even to apply the relatively crude ready-reckoners – presupposes some preliminary judgements of the desired direction of change. What is needed is some insight – as precise as possible – into the relative importance Ministers attach to the various basic objectives. Without this there is no basis for choosing between the many possible outcomes, each of which will go further to meeting some objectives at the cost of some sacrifice in other directions. For this reason there must be, as it were, a dialogue between Ministers and their professional advisers throughout the analytical process in order fully to take account of political preferences.

The main directions in which a forecast path falls short of a government's aspirations (for employment or price stability for example) are usually reasonably clear. Our task is then to suggest measures which will push the economy in the required directions without impinging on the constraints to which the economy is subject. It is important, of course, to consider potential danger in a sufficiently wide perspective allowing not only for the immediate effects on policy objectives but for anything which may have undesirable longer-term consequences. Nevertheless, it is not usually difficult to select a range of possibilities on which to perform simulations and to present them to those who have to take the decisions.

The task of the Treasury is to present the options as clearly and coherently as we can. This is a job which itself has considerable technical difficulties, for it is not possible to assemble more than a selection of specimen policy variations, each of which produces a different outcome. The aim is to enable Ministers themselves to have the building blocks of a policy package from which they can construct an economic path which approximates as closely to their chosen ideal as it is possible to get.

There are today some who argue that this approach, while satisfactory in principle, is too unsystematic to be a useful guide to policy making; that the 'trial and error' of testing first one package and then another should be replaced by one in which the various objectives of policy and the priorities attached to them are specified formally. This specification should capture the views of Ministers. The problem would then be remitted to economists. They would use the formal model of the economy to help them to calculate which polices would most efficiently satisfy the stated set of preferences. To some, such a procedure, which resembles and draws on methods adopted to control complex systems in other fields of endeavour, seems attractive. William Armstrong concluded his lecture by advocating that this cybernetical approach should be examined. For my part I am more sceptical. Such a procedure, at least in its fullest implementation, would involve considerable effort and I doubt whether that effort would be directed to the most crucial issues. The really difficult problems are to resolve the questions concerning the behaviour of the economy and the instruments available. But we are awaiting the report of a Committee of distinguished economists which was set up to consider just these issues; and I intend to reconsider my views when we receive their assessment.

Conclusion

How then do I summarise my conclusions about the current problems of managing the economy? Above all, I feel that the whole business is more difficult than it appeared in 1968 when William Armstrong gave his Stamp Memorial Lecture. In a world context, as well as in a domestic context, we are no nearer to achieving many of the main objectives of economic management. The constraints on what governments can achieve appear to be more stringent. Major uncertainties and controversies have arisen on some fundamental issues affecting the analysis of economic behaviour and economic policy. In these circumstances, increasingly sophisticated technical analysis has not yet brought greater precision to forecasting or to management. I cannot, therefore, confidently repeat the conclusion which Armstrong reached, viz. that 'modern economic policy has clearly been a success'. There are serious problems which it has not yet solved and which no country seems to be able to solve unilaterally. But this is not a counsel of despair. I remain what I have always been at heart, a pragmatic scientist. I believe that faced with the challenge of uncertainty and of ignorance, we must not give up the patient search for truth no matter how disappointing our endeavours may at times appear. We must have more, not less, research into the behaviour

of the economy. For there is no adequate alternative. As Alfred Marshall once said of an earlier generation, let us hope that posterity will say of us:

'Though economists have not yet succeeded in bringing that study to a successful issue the cause of their failure lies in the profound obscurity and ever-changing form of the problem: it does not lie in any indifference on their part to its supreme importance.'

Rebasing the national accounts
–why and how and the effects

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The national accounts of the United Kingdom are to be rebased this year on the year 1975. That is, the estimates of expenditure on the gross domestic product (GDP(E)) at constant prices, at present expressed in terms of average 1970 prices, will be expressed in terms of average 1975 prices; and the detailed industrial components of the output measure of gross domestic product (GDP(O)), at present weighted together according to the values of net output in 1970, will be reweighted according to the values of net output in 1975. The rebased estimates will be published in September 1978 in *National Income and Expenditure 1967–77*, (the Blue Book); and the corresponding quarterly estimates published thereafter will also be based on 1975.

This article first looks at the theoretical background to the rebasing exercise and then describes its application to the last (1970) rebasing and to the current exercise. It then considers the likely effects of the new rebasing on the published estimates and finally discusses the problem of presenting, in money terms, linked volume series.

Background to the rebasing

In considering the motives for rebasing it is necessary to consider first the nature of the constant price estimates. The main purpose of constructing these estimates is to show changes in the volume of goods and services produced. Where a business produces a single type of article of unvarying specification, changes in its production can, in principle, be measured perfectly and uniquely in terms of physical units. Where more than one type of article is produced, changes in the total volume of output can be measured only by weighting together the output of each type of article by the relative unit value of each. If price changes were proportionally the same for each article, the relative unit values would be unchanged over time and changes in the volume of production could still be measured perfectly and uniquely. But where there are differential price changes among the different articles, the measurement of the change in total output depends on the choice of price base for calculating relative unit values. There is no longer a perfect and unique measurement of changes in the total volume of production.

On a national scale total production is composed of a vast mixture of different types of goods and services. Moreover the pattern of prices is constantly changing as a result of a multitude of factors including changes in world and national productivity and demand, technological advances, and government economic and taxation policy. Thus changes in the volume of total production, as measured by gross domestic product at constant prices, may be affected by the choice of price base for weighting together the many individual elements of production.

Two major requirements of the estimates of GDP at constant prices are (i) that they should enable valid comparisons to be made between any two periods; and (ii) that the weights (relative prices) underlying the measurement of changes in production over a particular period should reflect the price structure of that period reasonably closely.

The first requirement is met by adopting estimates in the form of base-weighted (Laspeyres) volume index numbers* where current quantities are weighted together by the relative prices of a fixed base period. The main alternative, a current-weighted (Paasche) index number†, does not meet the requirement since valid comparisons can be made only with the base period. For example in a Paasche volume index based on 1970 valid estimates can be made of changes in volume between 1970 and 1974 and between 1970 and 1975; but the apparent change in volume between 1974 and 1975 is in fact an amalgamation of real changes in volume and the effects of changes in price structure between the two years‡.

The second requirement could be met in principle by a chain-linked volume index, ideally with the series linked each year. Thus, for example, volume changes between years n and $n+1$ would be weighted together according to relative prices in year n; volume changes between years $n+1$ and $n+2$ would be weighted together according to relative prices in year $n+1$; and the proportional change in volume between years n and $n+2$ would be calculated as the product of the proportional changes between n and $n+1$ and between $n+1$ and $n+2$. For practical reasons which are explained later in this article an annual linking is not possible. The requirement to keep abreast with price structures is therefore met, albeit imperfectly, by rebasing

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* Index numbers of the form $\frac{\sum q_n p_o}{\sum q_o p_o}$

† Index numbers of the form $\frac{\sum q_n p_n}{\sum q_o p_n}$

where q = quantity, p = price, o is the fixed base period and n is the period for which the index is constructed.

‡ If a Laspeyres volume index for year $n+1$ (base o) is divided by the corresponding index for year n, the ratio simplifies to $\frac{\sum q_{n+1} p_o}{\sum q_n p_o}$. With a Paasche volume index the ratio is $\frac{\sum q_{n+1} p_{n+1}}{\sum q_o p_{n+1}} \div \frac{\sum q_n p_n}{\sum q_o p_n}$ which cannot be simplified.

the volume series at approximately five-yearly intervals. The series have been successively based and weighted on the years 1938, 1948, 1954, 1958, 1963 and 1970.

It is necessary at this point to explain in a little more detail the nature of rebasing. In the expenditure measure of GDP at constant prices the base year is, in principle, simply the year in respect of which the detailed structure of prices is used to weight together changes in the volume of the many types of goods and services purchased. In practice, volume changes can be measured directly through indicators of physical quantities multiplied by base year prices only where data are continually available for homogeneous categories of goods or services. In most cases the categories of goods or services for which data are available are far from homogeneous and volume changes have to be estimated indirectly from changes in value deflated by appropriate price indices. In order to yield base-weighted volume series, values should be divided by current-weighted (Paasche) price index numbers§. In practice, the individual price index numbers used to deflate each identified category of expenditure may not be current-weighted because the necessary data are lacking. However, because the deflation of current values is carried out in as great a detail as practicable the correct weighting among individual categories of expenditure is achieved. The incorrect weighting *within* categories (because the deflators used are not current-weighted) is one of the imperfections of the constant price estimates. Following an analysis of the effects of rebasing the national accounts on 1970 it was concluded that 'given that most of the calculations are carried out at a considerable degree of disaggregation, the use of base-weighted deflators is probably not in practice a serious deficiency in the method of estimation, and it is unlikely to be any more serious than other deficiencies in the data on price movements'[1]. It is possible, however, that the use of base-weighted deflators may have been a more serious deficiency in the post-1970 era of faster price increases.

In the output measure of GDP the aim is to measure changes in the real net output of each industry and to weight these changes together according to the relative values of net output, or value added, in the base year. The 'value added' by an industry is its contribution to the domestic product, that is, the value of its total output *less* any goods or services it has acquired from other industries or has imported. The value added by each industry therefore consists of the value of the factors of production used in that industry and equals the sum of the factor incomes (income from employment and profit incomes) earned in the industry after deducting stock appreciation. Ideally 'value added at constant prices' should be measured using 'double deflation' techniques, that is, by revaluing at constant prices both gross output and total inputs separately and taking the latter from the former‖. The practical difficulties of correctly deflating and deriving the balance between two large estimates are very great and, with the exception of agriculture, it is generally found more practicable in the United Kingdom to use proxy indicators for changes in real net output. These are most frequently indicators of gross output, either physical indicators or values of output deflated by appropriate price index numbers. Thus the assumption is that the relationship in real terms between net output and gross output in each industry remains stable during the 'life' of each base year.

Where the value of gross output is deflated by price index numbers there is, as with the expenditure approach, a blend of base and current weighting. Within the smallest groups of products identified, the price index numbers used for deflation, usually sections of the wholesale price index, are in practice base-weighted; but the implied price index for the output of any one industry is current-weighted as between the groups of products for which separate deflation is carried out.

Thus, in principle, the functions of rebasing GDP(O) are (i) to re-weight among industries according to the value of net output in the new base year and (ii) to reweight among groups of products of each industry according to relative prices in the new base year. An additional function, in practice, is to reweight price index numbers appropriate to each identified group of products according to relative quantities *within* each category in the new base year.

In order to obtain the appropriate weights more detailed data on expenditure and output are required for base years than for other years. In the past the major benchmark industrial inquiries, particularly the censuses of production and censuses of distribution, provided the additional information required for rebasing the national accounts and associated economic statistical series. With the introduction of the new system of industrial inquires it might appear possible to rebase the accounts every year – or to introduce the annual chain-linked volume series described earlier in the article. In practice it is not feasible to do so for three reasons. First, although there are now annual censuses of production and annual inquiries into the distributive and some service trades, the full range of data formerly collected in the benchmark inquiries is still not available in respect of every year. Secondly, data from the inquiries are not complete until some two to three years after the period to which the inquiries relate. Thus national accounts data for the most recent two or three years could not be properly chain-linked. Thirdly, rebasing is a complex operation absorbing substantial staff resources in the Government Statistical Service which could be justified every year only if the benefits of annual rebasing were substantial.

Rebasing does not entail recalculating the entire series (starting from 1948) of year-to-year changes in the volume of expenditure and output according to the relative weights of the new base year. This would defeat the main object

§ The current-weighted (Paasche) price index is of the form $\frac{\sum q_n p_n}{\sum q_n p_o}$

Deflating current values by this price index yields:

$$\sum q_n p_n \div \frac{\sum q_n p_n}{\sum q_n p_o} = \sum q_n p_o$$

which is the sum of current quantities at base-year prices, i.e. the numerator in a base-weighted (Laspeyres) volume index.

‖ The quantity and price components of value added are not separately measurable since value added is the balance between the value of gross output and the value of inputs from other industries. The Laspeyres volume index is therefore ideally of the form:

$$\frac{\sum (q_n p_o - q'_n p'_o)}{\sum (q_o p_o - q'_o p'_o)}$$

where q and p are the quantities and prices of gross output and q' and p' are the quantities and prices of inputs.

Percentage increases in components of consumers' expenditure between 1963 and 1970[1]

TABLE 1

	Measured at 1963 prices	As published[2]	Measured at 1970 prices
Food	6·6	6·2	5·3
Alcoholic drink	32·0	31·9	31·0
Tobacco	−3·0	−3·0	−3·1
Housing	23·2	22·6	21·6
Fuel and light	12·0	8·5	8·6
Clothing	19·6	18·9	19·2
Cars	29·7	29·7	28·5
Other durables	12·7	11·4	11·1
Household goods	22·2	22·2	22·5
Books, etc.	−4·3	−5·3	−5·3
Chemists' goods	18·7	18·6	18·3
Miscellaneous recreational	33·7	33·1	33·4
Other miscellaneous	2·7	1·1	0·5
Running costs	84·9	83·2	82·2
Travel	10·9	4·0	4·7
Communications	53·8	50·9	48·9
Entertainment	16·6	8·5	8·1
Domestic service, catering, insurance and other services	7·9	7·1	5·0
Income in kind	−15·2	−25·4	−24·1
Expenditure by foreign tourists, etc. in the United Kingdom	47·5	47·6	48·0
Consumers' expenditure abroad	1·8	1·9	1·9
Total	15·7	14·5	13·9

[1] See reference 1 on page 110.
[2] Partially re-weighted on 1970 relative prices.

of rebasing, which is to ensure that measured changes in the volume of production and expenditure are reasonably compatible with the price structure of the time. To measure changes in production between, say, 1974 and 1976 in terms of 1954 prices would give a distorted picture of developments in the economy over these years. But an equally distorted picture of developments in the economy during the 1950's would be given if changes during that decade were measured in terms of 1975 prices.

In order to achieve the best practical results the constant price series are re-weighted, at each rebasing, for only a limited number of years; and the re-weighted estimates for these years are linked to the existing estimates for earlier years. Successive sections of the present time series of constant price estimates, extending from 1948 to 1977, are weighted according to the price structure of successive base years (1948, 1954, 1958, 1963 and 1970). Thus the volume series is in the form of a chain-linked index; but the average length of each link in the chain is about five years instead of what might be regarded as the ideal of one year.

The rebasing on 1970

In order to take account of changes in price structure, there have been variations in detail in the practice at each rebasing. In the most recent rebasing, on 1970, the estimates of expenditure at constant prices were fully re-weighted according to 1970 prices only for periods from 1970 onwards. For the years 1963 to 1970 the former estimates calculated on the base year 1963 were linked to the series from 1970 based on 1970 without detailed re-calculation of all the individual items; but linking was carried out separately for each of the components published in the Blue Book and in rather greater detail where it seemed appropriate. All totals and sub-totals for these years were obtained as the sum of the linked components. Thus, in effect the published series of volumes of expenditure between 1963 and 1970 were weighted together according to 1970 relative prices; but items within the published series were weighted together according to 1963 relative prices. This mixed system of weighting, although somewhat arbitrary, was thought to be valid since the relative prices of 1963 are no less appropriate to this group of years than those of 1970. The differences between the results of this partial rebasing and a full rebasing are shown in respect of consumers' expenditure in Table 1. On this occasion a partial re-weighting had, overall, about two-thirds of the effect of a re-weighting in complete detail.

For years up to and including 1962 the estimates relating to former base years were also linked to the series from 1963, partially based on 1970; but the totals and sub-totals were linked independently of the components so that none of the previously estimated relative changes up to 1963 was disturbed by the rebasing; they continued to reflect the price structure of earlier base years. One of the results of this procedure is that the figures up to and including 1962 nominally expressed in terms of 1970 prices but weighted according to the relative prices of earlier years, do not add up in an accounting sense. This is a point discussed later in the article.

In rebasing the output measure of GDP on 1970 a different approach was taken. All changes in the volume of output from 1968 onwards were recalculated using relative prices and relative values-added of the new base year. Changes up to and including 1968 were mainly linked to the new series from 1968 without re-weighting¶. Thus the calculated changes in output in these earlier years

¶ A special linking procedure was adopted for the Index of Industrial Production, which forms part of GDP(O)[2, 3]

Percentage increases in gross domestic product between 1963 and 1970

TABLE 2

	1963 market prices and factor cost	As published[1]	1970 market prices and factor cost
GDP at market prices	21·5	20·1	19·5
GDP at factor cost	20·7	20·7	19·9

[1] Partly re-weighted on 1970 relative prices.

continued to reflect the price structures and the relationships between net and gross output of earlier base years. The year 1968 was chosen as the link year because the large-scale benchmark census of production was carried out in respect of that year; and the 1970 weights used were projections of the weights derived from that census. There was no advantage in carrying the re-weighting back beyond 1968 in order to make the figures 'add up' since the GDP(O) measure is expressed in index-number form rather than in money terms. An account of the rebasing of GDP(O) on 1970 was given in an article in the November 1974 issue of *Economic Trends*[4].

The practical advantages of the separate methods used to rebase GDP(E) and GDP(O) were considered to outweigh the disadvantage of any additional inconsistencies brought about between the two measures over the period 1963–70.

Rebasing on 1975

Although price structures changed quite appreciably between 1963 and 1970 there is no particular point over the seven year period when prices can be said to have taken a dramatic turn. In contrast the period 1970 to 1975 was marked by the massive increase in world oil prices around the end of 1973, which led quickly to very substantial changes in the pattern of domestic prices. Consequently the present estimates of changes in the volume of expenditure and output since 1973, weighted by 1970 relative prices, may not satisfactorily reflect price structures of the post-1973 era. In view of the impact of these changes in price structure, it is necessary, when rebasing, to carry back the reweighting at least as far as 1973. At the same time there would appear to be no merit in re-charting the course of the economy up to 1973 as though post-1973 prices had prevailed at the time. These considerations have led to the decision that the rebased series will be linked with the existing series at 1973. This means that all changes in the volume of expenditure and output since 1973 will be weighted together according to average 1975 relative prices; but changes up to 1973 will continue to be weighted together according to the average relative prices of earlier base years. Thus although the estimates of expenditure at constant prices for years before 1973 will be re-referenced to and expressed in terms of 1975 prices, their path in proportional terms will not change, except where revisions are made in the light of new data becoming available.

The likely effects of rebasing

For most types of expenditure and output the normal expected effect of rebasing and re-weighting is to reduce slightly the estimated growth in volume. This is a reflection of price elasticities; the growth in demand is likely to be greatest for those goods and services whose unit prices have grown least. Thus on rebasing the relative weight given to those products for which the growth in demand has been greater than average will tend to be reduced; and the relative weight given to those products for which the growth in demand has been smaller than average will tend to be increased.

At the 1970 rebasing, the estimates of expenditure at constant prices for the period 1963 to 1970 were not fully re-weighted to 1970 relative prices. However the approximate effects of a full re-weighting were calculated[1] and are given in Table 2 above.

Given the margins of error to which estimates of the increase in real GDP over a seven year period are likely to be subject, the difference between using 1963 prices and 1970 prices is not particularly large. Changes in the structure of taxes on expenditure and subsidies between 1963 and 1970, and particularly the introduction of selective employment tax and employment premiums, did however have an appreciable effect on the relationship between the growths in GDP as measured at market prices and at factor cost.

In rebasing the output measure of GDP, the linkage between the 1963 weighted and 1970 weighted series was made at 1968. Consequently the effects of re-weighting were judged in respect of the years 1968 to 1972. The conclusion was that the effect on the estimates of output of the adoption of 1970 weights at about MLH** level to combine industry indices was to reduce the estimate of growth in GDP(O) over the period 1968 to 1972 by about ¼ per cent per year, compared with the 1963-based series[4].

To forecast the likely results of the rebasing on 1975, little more can be done at this stage than to re-weight from 1970 relative prices to 1975 relative prices among categories identified in the annual Blue Book. This has been done for categories of expenditure at constant prices in Table 3 overleaf. Consumers' expenditure has been re-weighted in rather more detail than the categories shown in Table 4.10 of *National Income and Expenditure 1966–76*. Gross domestic fixed capital formation has been re-weighted among the industry categories identified in Table 10.7; general government final consumption among the categories military defence, national health service, education, central government 'other' and local authorities 'other'; and changes in stocks and work in progress among six categories of manufacturing industry (with materials and fuel, work in progress and finished products taken separately), retail distribution, wholesale distribution (with two separate industry sub-categories) and other industries. The 1970 = 100 series for imports and exports of goods have been re-weighted very roughly among sections of the Standard

** Minimum List Headings of the Standard Industrial Classification.

Gross domestic product at market prices

TABLE 3

	At 1970 market prices			At 1975 market prices		
	£ million		Percentage change	£ million		Percentage change
	1973	1976	1973–1976	1973	1976	1973–1976
Consumers' expenditure	36,062	35,405	− 1·8	65,410	63,825	− 2·4
General government final consumption	9,966	11,049	+10·9	21,175	23,470	+10·8
Gross domestic fixed capital formation	10,253	9,724	− 5·2	20,800	20,025	− 3·7
Value of physical increase in stocks and work in progress	1,321	66		2,580	150	
Exports of goods and services	13,944	15,369	+10·2	26,230	28,660	+ 9·3
Total final expenditure at market prices	71,546	71,613	+ 0·1	136,190	136,130	—
Less Imports of goods and services	14,393	14,207	− 1·3	30,900	30,150	− 2·4
Gross domestic product at market prices	57,153	57,406	+ 0·4	105 290	105,980	+ 0·7

International Trade Classification; and imports and exports of services among the categories general government, four sub-divisions of sea transport, civil aviation, travel, financial services and other services.

This partial and very approximate re-weighting is seen to make little difference to the calculated change in GDP at constant market prices between 1973 and 1976. Among the components, the fall in consumers' expenditure is a little greater in terms of 1975 prices; and this fall is liable to be slightly more pronounced after detailed re-weighting. The slower rate of decline of gross domestic fixed capital formation cannot be regarded as significant since the effects of re-weighting among broad groups of industries may be offset by the effect of re-weighting among finer categories of industry and among types of asset. Re-weighting among four types of capital asset (vehicles, ships and aircraft; plant and machinery; dwellings; and 'other') but with no re-weighting among industries results in a fall in gross domestic fixed capital formation of 4·9 per cent between 1973 and 1976. The partial re-basing suggests that there may be some reduction in the estimated growth in the volume of exports of goods and services; but this could be offset by the effects of improved methods now being introduced by the Department of Trade for calculating volume index numbers of overseas trade.

Perhaps the most interesting feature is the larger estimated fall after rebasing, in the volume of imports of goods and services. The main reason for this is the sharp change between 1970 and 1975 in the relative price of imported fuels, particularly oil. Imports of fuels fell by over 20 per cent in volume terms between 1973 and 1976; and this fall is given a greater weight in terms of 1975 relative prices than in 1970 relative prices.

Very little can be done at this stage to assess the effects of rebasing on GPD(O) since the results of the annual census of production for 1975 and some other major inquiries are not yet available in full detail. The relative values of net output in the production industries (particularly the manufacturing industries) and the relative weights of the different product groups of some industries will be derived from the results of these inquiries.

If the relative values of net output are re-weighted on 1975 among the thirteen broad industry groups identified in Tables 1.11 and 2.2 of *National Income and Expenditure 1966–76*, in which all manufacturing industries are condensed into one industry group, the fall in total output between 1973 and 1976 is virtually unchanged at about 1¼ per cent. However, quite apart from neglecting the detailed results to come from the 1975 annual census of production, this very broad re-weighting does not adequately take into account the impact of re-weighting on the relative importance of industries in MLH 104, petroleum and natural gas. MLH 104 forms a small part of the broader group 'mining and quarrying'; and no re-weighting within this group has been included in the rough calculations described.

The main component of MLH 104 is, of course, the exploration for and extraction of North Sea oil and natural gas, an industry whose output has grown very rapidly. Even so, by 1976 it had made a contribution of only 0·2 per cent to the growth in GDP(O), based on 1970. The index of GDP(O) for 1976 stands at 108·9; excluding MLH 104 it is 108·7. By the third quarter of 1977 the contribution of MLH 104 to the growth in total output was 0·4 per cent. Rebasing on 1975 will clearly affect the contribution of MLH 104; but the effects up to 1976 and 1977 will not be massive. The increase in the price per unit of crude oil between 1970 and 1975 relative to that of other goods and services was of the order of 150–200 per cent. The calculation of the net output of MLH 104 is complex and the effect of re-weighting has still to be determined; but if the price of crude oil can be taken as a very approximate indicator, rebasing is likely to increase the contribution of MLH 104 to growth in total output by about ½ per cent by 1976 and about 1 per cent by 1977.

Linking of volume series at 1973

As described earlier, the existing estimates of changes in real expenditure and output up to 1973 will be retained and linked to the re-weighted section of the series at 1973. Since expenditure at constant prices is expressed in money terms, the estimates for periods up to and including 1972, presently given in terms of 1970 prices, will be 're-referenced' to 1975 prices. In each of the published categories of expenditure the values up to 1972, in 1970 prices, will be multiplied by the factor: $\frac{\textit{1973 value}}{\textit{1973 value at 1970 prices}} \quad \frac{\textit{1975 prices}}{}$.

Gross domestic product at 1970 factor cost

TABLE 4

	Total (1)	Sum of components (2)	Difference (1) *less* (2)	
	£ million		£ million	Percentage of (1)
1951	25,863	26,017	−154	−0·6
1952	25,869	26,320	−451	−1·7
1953	27,083	27,509	−426	−1·6
1954	28,065	28,432	−367	−1·3
1955	29,035	29,242	−207	−0·7
1956	29,594	29,790	−196	−0·7
1957	30,174	30,294	−120	−0·4
1958	30,096	30,186	− 90	−0·3
1959	31,145	31,142	+ 3	—
1960	32,601	32,517	+ 84	+0·3
1961	33,759	33,716	+ 43	+0·1
1962	34,058	34,116	− 58	−0·2

In order that the existing paths of the volume of expenditure should be retained, sub-totals and totals will be re-referenced to 1975 prices by their appropriate factors independently of detailed components. The result is that, prior to 1973, the sub-totals and totals will not equal the sums of components; the figures will not 'add up' in an accounting sense. Although this is an inconvenience to those compiling, processing and checking the figures it does not in any way impair the interpretation of the estimates, the function of which is to show the change in the volume of demand over periods of time. The relationship between the components of demand in any one period are more appropriately obtained from the estimates at current prices which will, of course, continue to add up in a full accounting sense.

The general tendency when series are linked in this way is for the sums of components to exceed the independently calculated totals. A rough indication of the size of the 'discrepancy' can be drawn from experience at the rebasing on 1970 when the estimates for years up to 1962 were referenced to 1970 prices but not re-weighted. Table 4 shows the differences between totals and sums of components in the summary table of expenditure and output at 1970 prices taken from Table 14 of *National Income and Expenditure 1973*.

In presenting the tables of expenditure and output at 1975 prices it is not proposed to show all the differences between totals and sums of components since they have no particular significance. However an explanation of the balances will be given in the notes to *National Income and Expenditure 1967–77*.

Summary and conclusions

The estimates of expenditure on the gross domestic product at constant prices and the index numbers of output at constant factor cost are to be rebased this year on 1975. The rebased estimates will be published in September 1978 in *National Income and Expenditure 1967–77*; and the corresponding quarterly estimates published thereafter will also be based on 1975.

In order to take account so far as possible of the major change in price structures which occurred around the end of 1973, the constant price and output series will be fully re-weighted on 1975 relative prices back to the year 1973. Present estimates of volume changes up to 1973 will be linked to the series from 1973 without re-weighting.

Tentative calculations suggest that rebasing will not have a dramatic effect on the overall estimates of movements in gross domestic product in real terms between 1973 and 1976. The changes due to rebasing may not be substantially greater than changes due to the introduction of new information and improved methodology

Within the total, rebasing on 1975 is likely to increase the estimated contribution to gross domestic product made by industries engaged in the extraction of North Sea oil. The addition to the estimated growth in gross domestic product between 1975 and 1977 due to this factor may be of the order of 1 per cent.

After publication of *National Income and Expenditure 1967–77*, a further article in *Economic Trends* will set out the effects of rebasing.

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The stock of consumer durables in the United Kingdom

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Introduction

Personal wealth takes a variety of forms. Households may, for example, hold wealth

as financial assets (notes and coins, bank deposits, stocks and shares, pension rights, etc.);

as jewellery, works of art, antiques or collectors' items with some rarity value;

as land and buildings;

as durable goods;

as rights of one kind or another (e.g. fishing, shooting);

as livestock; and

as stocks of consumable goods (e.g. food, tobacco, stationery).

Households may also have liabilities, such as bank overdrafts, mortgages and outstanding trade credit, to set against such assets in order to reach a figure for their *net* wealth.

Knowledge of the size and distribution of wealth within the community is important in shaping a wide range of social policies. The Royal Commission on the Distribution of Income and Wealth is compiling information on the distribution of personal wealth and is also interested in the distribution of wealth between the sectors of the UK economy. A recent submission by the Central Statistical Office (CSO) to the Royal Commission, published in the January issue of *Economic Trends*[1], gives estimates of aggregate wealth in the form of a set of balance sheets for the personal sector. This article gives some details of the estimates relating to one component of those balance-sheets: the value of the stock of consumer durable goods over the period 1966–76.

For the purposes of this article, a consumer durable is defined as anything bought by consumers that lasts and provides a service for a period longer than a year. Cars, carpets and socks are therefore all examples of durable goods, while newspapers, coal and whisky are not. Because they pose special problems of valuation and estimation, jewellery, works of art, antiques or collectors' items with rarity value (such as stamps and coins) are not counted here as durables and were also excluded from the personal sector balance sheet, although they satisfy the definition of 'durable' given above. Livestock and land and buildings are also not considered in this article. Estimates for them were included in the CSO's submission, although livestock forms part of 'stocks and work in progress' and was not separately distinguished.

Within a system of national accounts it might appear natural to treat the purchases of consumer durables, as defined for this article, as items of personal sector capital formation and in consequence to include, on both sides of the personal sector's income and expenditure account, an estimate of the value of the services derived by the sector from its stock of durables during the course of the year. However, in the UK national accounts, following wide spread international practice, consumer durables are treated as items of consumption. For example, personal sector expenditure on washing machines is included in consumer's expenditure under the heading 'radio, electrical and other durable goods' in Table 4.9 of the Blue Book, *National Income and Expenditure 1966–76*. A major reason for choosing this treatment of consumer durables is the difficulty of making satisfactory estimates of the value of the services derived from the stock, if the expenditure on durables were to be classified as capital formation. A consequence of the existing treatment, however, is that no estimate of the value of the stock of consumer durables has been made within the UK national accounts. This article may be viewed as the first such attempt by the CSO, although estimates have been made by other bodies[2, 3]. The estimates presented in this article are of the value of the *net* stock, that is after allowing for depreciation. The results are provisional and are subject to wide margins of uncertainty not only through measurement errors in the data, but also (and perhaps more importantly) through the arbitrariness of some of the definitions and assumptions it is necessary to make. The estimates, therefore, are illustrative rather than definitive, and the author would be pleased to have general comments on the article and suggestions for improvement in either methods or data sources.

Valuation

In estimating the value of the net stock of consumer durables the first question is to decide the basis on which these assets are to be valued. Then one can consider the problem of estimating the stock, and this may include estimating the quantities held as well as the average values.

A widely accepted general principle underlying the valuation of assets of all kinds is 'deprival value'. This is the loss the owner would suffer, directly and indirectly, were he to be deprived of the asset. The extent of the loss clearly depends on the condition of the asset and on the intentions of the owner. If a company is about to cease trading, depriving it of an asset would produce a loss equal to the sum that might be got for the asset in a

CHART 1

Comparison of the net value of an asset under:
(a) reducing balance depreciation (b) straight line depreciation

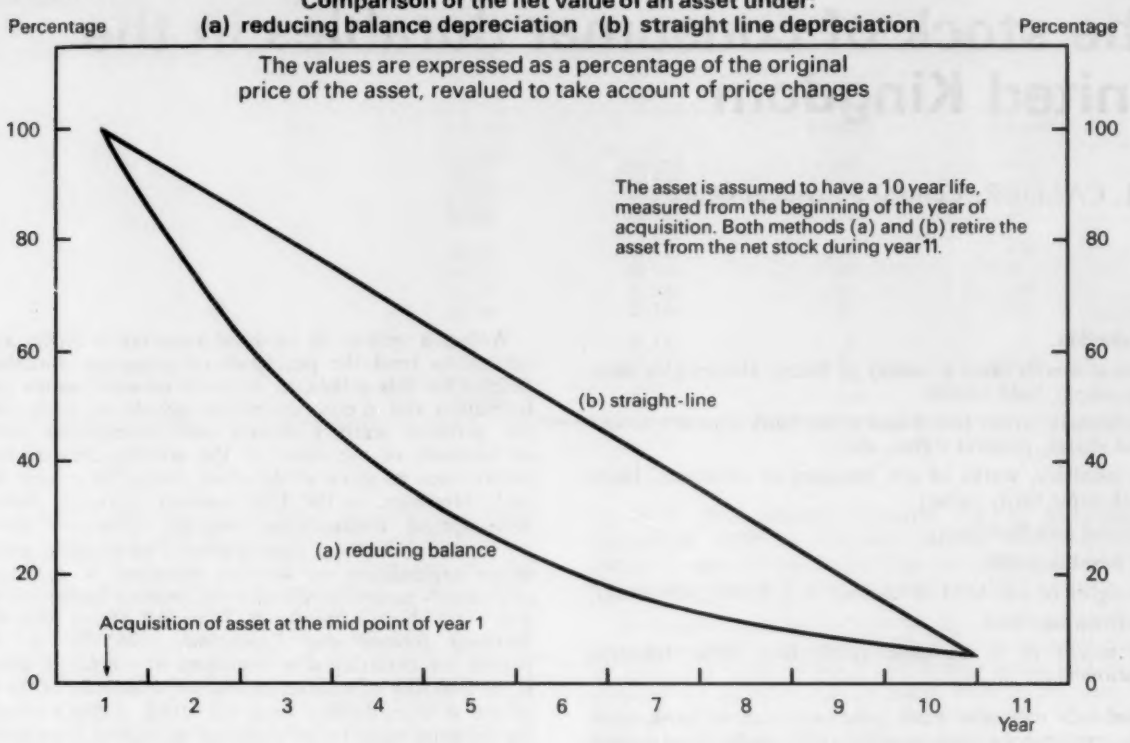
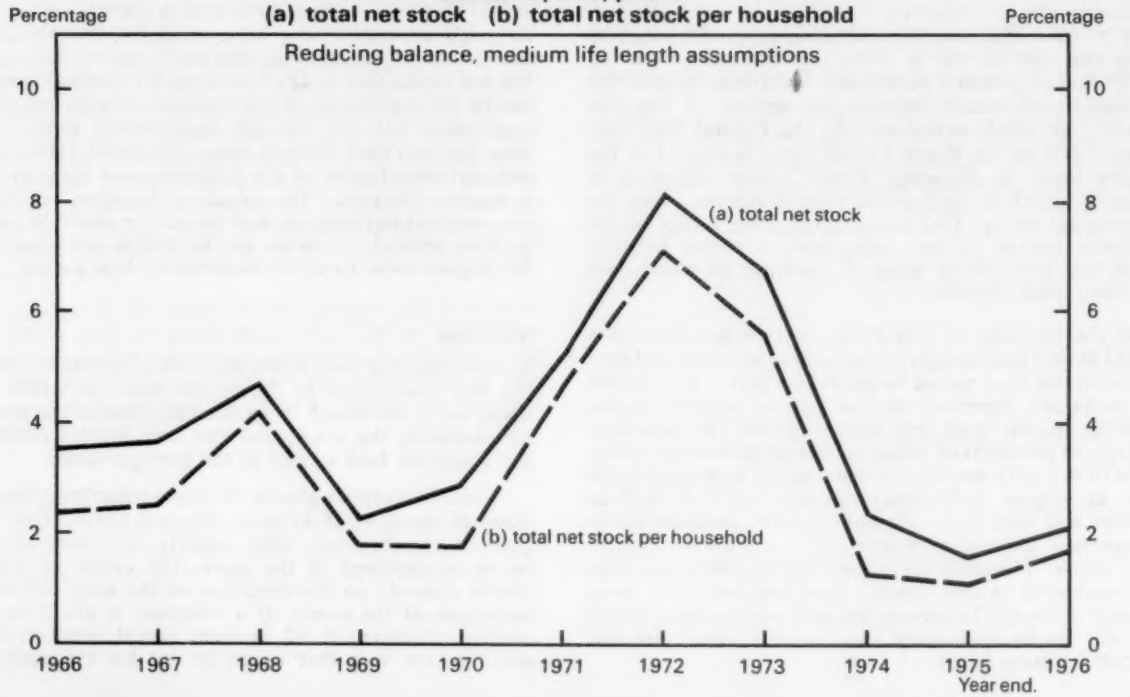


CHART 2

Percentage change on the end of the previous year at constant (1970) prices
(a) total net stock (b) total net stock per household



forced sale. Application of such an assumption in the case of consumer durables would lead to valuations similar to those adopted for probate and estate duty, which are close to 'forced sale' values. However, in constructing balance sheets as a means of understanding economic behaviour it is generally more helpful to assume that the owners of the assets are 'going concerns' and this assumption has been adopted here. When the owner of an asset is treated as a going concern, a wider range opens up of possible measures of his loss were he to be deprived of it, involving:

i the current purchase price (replacement cost) of the asset given its age, current condition, etc.;

ii the net realisable value (or current disposal value) of the asset; and

iii the present value of future earnings or services from the asset (this is sometimes referred to as the 'economic value' of the asset).

The deprival value in any particular case then depends upon the relative sizes of (i), (ii) and (iii) for the asset in question. Paragraphs 208–224 of the report of the Sandilands Committee[4] consider the point in detail and conclude that, for a 'going concern', the appropriate valuation is (i) – current replacement cost – except where this quantity is greater than both (ii) and (iii) in which case the appropriate value is the greater of (ii) and (iii). The report further concludes that in a large number of individual cases, replacement cost, (i), will in fact be the appropriate measure of value. This conclusion seems likely to apply to consumer durables.

In practice, none of the quantities (i) – (iii) can easily be evaluated for consumer durables. Consider the example of a three-year-old washing machine. Secondhand markets for washing machines are far from perfect and our knowledge of them is limited. From whatever information is available, it might perhaps be possible to make rough estimates of prices for (i) the cost of replacement (say £x) and for (ii) current disposal value (say £y), where presumably x would be greater than y. Item (iii), the value of the future services to be derived from the machine, would be more difficult. The costs of washing clothes in future by the cheapest alternative means (launderette, laundry, domestic service) would have to be balanced against the future operating and maintenance costs of the existing machine to the end of its useful life and some allowance made for the differing qualities of wash by alternative methods. Normally, this 'economic value' would be greater than either x or y and thus the replacement cost (i) would be the appropriate measure of the value of the machine. For most durables, secondhand markets either do not exist or our knowledge of them is scant. The major exception is cars, where extensive information is available about secondhand prices of cars by age and condition.

Use of the deprival principle, therefore, leads generally to valuation by replacement cost, but, in view of the lack of information available from secondhand markets, it is necessary to make some arbitrary assumptions about the path of the replacement cost of an asset over its useful life. Of the countless possible paths, two main variants are in general use. The first – 'straight-line depreciation' – sets the current value of an asset of age x with a useful life n equal to $(1-{}^{x}/_{n})$ times the original price of the asset when new (revalued to take account of price changes over its life to date). The second – 'reducing balance depreciation' – diminishes the value of an asset each year by a fixed proportion of its value at the start of that year after allowing for price changes, and retires the asset when its remaining value (at constant prices) has declined to a given (small) proportion of its original value. Arguments may be advanced in favour of both methods. For a given life-length, the geometric decline provided by the reducing balance method probably corresponds, for most consumer durables, more closely to the path of replacement costs by age than does straight-line depreciation. On the other hand, straight-line depreciation gives closer correspondence to the remaining value of services to be provided by the asset if these services accrue fairly evenly over the asset's life. Chart 1 compares the two methods.

To summarise, the deprival value concept provides the basis for valuation. It and the going concern assumption lead in most cases to valuation by the current cost of replacing the asset with one of similar type in similar condition. In the absence of direct information from markets on secondhand prices of consumer durables, the reducing balance approach to depreciation seems the most applicable of the arbitrary methods of valuation. However, because estimates of the net stock of fixed *capital* assets are calculated in the national accounts using straight-line depreciation and because these figures are of interest in their own right, estimates for consumer durables using both methods of calculating depreciation are shown here.

Estimation

Having decided on a method for valuing any particular consumer durable, the next step is to decide how to estimate the aggregate value of durables at particular times. In principle, there are two possible approaches. The first would require a survey of households, aiming to collect enough detail on the ages, conditions and original values of the durables owned by each household to allow current values to be assessed. The results would then be grossed up for the whole personal sector. The second method would use data on the purchases of each type of asset by all households each year over a long time span to build up a 'perpetual inventory' of the net capital stock, following the methods outlined in two recent articles in *Economic Trends*[5, 6] concerning the estimation of the stock of fixed capital in the United Kingdom.

Although the first, survey, approach might yield results for a restricted class, it is too burdensome a method to cover the whole range of durables. A number of household surveys, such as the General Household Survey and the Family Expenditure Survey, include questions on the ownership of particular durables, such as TV sets, refrigerators and washing machines. Information is not collected on the age or original price, nor are suitable proxy measurements of these variables obtained. Thus while existing household surveys give information on the distribution of ownership of some durables, they cannot yield a valuation, unless further information is available or assumptions are made about the average age and original value of the existing stock measured in the survey. An exception to this general rule occurs for motor vehicles, where the licence records provide a means of conducting an annual vehicle census (which gives the ages of the vehicles and also their engine-

size as a possible proxy for original price) without the need for direct inquiries to members of the public.

Thus the only approach capable of yielding a consistent and reasonably complete set of estimates of the net stock of consumer durables is the perpetual inventory method. Estimates of expenditure by consumers on various classes of durables are already available* within the national accounts, as are the corresponding price indices required to revalue the inventory from year to year and to produce estimates of net stock in terms of the constant prices of a base year. What is lacking is reliable information on the average useful life-lengths of the different types of durable, and on whether life-lengths have changed significantly over the period that would affect the estimates of net stock. The results in this article have been drawn up using a set of three different life-lengths for each type of durable, intuitively chosen as long, medium and short. The life-lengths are set out in Appendix 2, but it should be stressed that they are not based on any firm data. As would be expected, the estimates of total net stock are greatly affected by the different assumptions about life-lengths. Furthermore, asset lives have been assumed not to change during the period covered by the calculations.

The data

For purposes of presentation, durables have been classified into six groups, as follows: *furniture*, covering furniture and floor coverings, textiles and soft furnishings, and hardware; *household appliances*, covering radio and electrical goods, equipment such as gas fires, lawn mowers and sewing machines, and the installation of central heating into existing dwellings by occupiers; *motor vehicles; recreational equipment*, covering caravans, bicycles and prams, boats, optical goods, gramophone records, toys, books, musical instruments, travel and leather goods, etc; *clothing and footwear*; and finally a *miscellaneous* group, mainly consisting of that part of expenditure on structural alterations to dwellings† which is included within consumers' expenditure. The compositions of the six groups, the corresponding consumers' expenditure series and the assumed life lengths are shown in Appendix 2. The CSO's submission to the Royal Commission included all the items shown in Appendix 2 as consumer durables and was based on reducing balance depreciation with medium life lengths.

It should be noted that the inclusion of central heating and some structural alterations as consumer durables may overlap with the balance sheet estimates for land and buildings which are based on the market values of property. To the extent that the installation of central heating and the structural alteration of existing property are reflected in the market values of dwellings, they should not also be included as consumer durables in the balance sheet. In this article, results are given inclusive and exclusive of the central heating and structural alteration components, although excluding these items entirely from the balance sheet may be extreme in the other direction, since the market value of property may not fully reflect the deprival value of these items to their owners.

* In, for example, Tables 4.9 and 4.10 of the Blue Book, *National Income and Expenditure, 1966-76*.

† The remaining expenditure on structural alterations (that qualifying for a local authority grant) is included in personal sector capital formation in dwellings.

In order to group durables under the headings of the previous paragraph and in order to obtain sub-series which are reasonably homogeneous with respect to life-length, it was necessary to split up some of the consumers' expenditure series. These, very rough, breakdowns were made with the help of the Family Expenditure Survey. Thus, within the consumers' expenditure series 'furniture and floor coverings', items of furniture were assumed to have rather longer average lives than floor coverings and mattresses, and furniture was taken to account for 60 per cent of total expenditure each year. The series 'radio, electrical and other durable goods' was split up as follows. A rough estimate was made of the relatively minor proportions of expenditure on musical instruments, bicycles and prams, and these expenditures were placed within *recreational equipment*. The remaining expenditure was sub-divided between television sets, radios, gramophones, etc. and other types of household appliances. The Family Expenditure Survey indicated that a greater proportion of this expenditure related to television sets, etc. during the early 1970s than in other years. Only half of the consumers' expenditure series 'other miscellaneous goods' was included within *recreational equipment*. This was to make a rough exclusion of expenditure on jewellery and on non-durable items (such as stationery) included under this heading. Minor and rather rough adjustments were made to some expenditure series, particularly within *clothing and footwear*, to allow for purchases by foreign residents and for UK residents' expenditure abroad.

Although the annual vehicle census has been suggested as a possible source for the estimate of the net stock of *motor vehicles*, the estimates given here were based, for consistency, on the sources used to compile the consumers' expenditure series. A comparison with an estimate based on the vehicle census is given later in the article. The consumers' expenditure series for motor vehicles represents expenditure by consumers on new cars and motorcycles, expenditure on used cars originating outside the personal sector, and the dealers' margin on second-hand cars transferred within the personal sector. In order to estimate the net stock held by the personal sector, separate series were derived for:

i consumers' expenditure on new cars;
ii business expenditure on new cars;
iii consumers' expenditure on new motorcycles.

It was assumed, in deriving the stock estimates, that businesses disposed of their cars to the personal sector two years after purchasing them new. A series for total retail sales of new cars, i.e. (i) + (ii), was derived by interpolating between the results of the benchmark motor trades inquiries for 1962, 1967 and 1972, in line with numbers of new car registrations weighted by a price index for new cars. The quarterly (short period) motor trades inquiry provides a projection of the series forward from 1972, and an interpolation was made between the 1962 results and those of the 1950 Census of Distribution, also using weighted numbers of registrations. From 1962 an approximate estimate for consumers' expenditure on new cars, (i), was already available, based upon an estimate for each year of the retail sales of new vehicles (derived from the motor trades inquiries) from which an estimate of business acquisitions of new vehicles (derived from data on capital formation in road vehicles) was subtracted. The

business expenditure series for new cars, (ii), was obtained as the residual between (i) and the estimate of (i) + (ii). For the years before 1962, consumers' expenditure on new cars was assumed to be 60 per cent and business expenditure to be 40 per cent of the total retail sales of new cars. The series (iii) of expenditure on new motorcycles (which was assumed to be entirely consumers' expenditure) was derived by interpolation between the benchmark motor trades inquiries. On the question of life-lengths, survival rates calculated from recent annual vehicle censuses indicated broadly that the median life of a car is a little over 10 years. Average lives assumed were of 12 years (long), 10 years (medium), and 8 years (short).

Implied price indices for the main consumers' expenditure series were already available from comparison of the estimates of expenditure at current and at constant prices. Indications of price movements for some sub-divided series were taken from components of the general index of retail prices. Price indices for earlier years were obtained by simple projection in line with the overall consumers' expenditure deflator.

The calculation of net stock used the methods set out in the articles already referred to[5,6]. The main features of straight-line depreciation have been noted. The version of reducing balance depreciation used here calculates a rate of depreciation which will, at constant prices, reduce the value of the asset to 5 per cent of its original value at the end of its 'useful life'. The asset is then retired from the stock. For both methods of calculating depreciation, the life lengths are measured from the beginning of the year of acquisition, although purchases are assumed to be evenly spread through the year. For reducing balance depreciation, the end-year value of assets in their first year of life is $\sqrt{(1-K)}$ times the expenditure on them, where K is the constant annual rate of depreciation.

Results

Table 1 shows the estimates, at current (end-year) prices and at constant (1970) prices, of the total net stock of consumer durables at the end of 1966, 1971 and 1976 for the six variants (two methods of calculating depreciation—each with three sets of life-length assumptions). Estimates are shown both including and excluding central heating and structural alterations: when these items are excluded, Table 1 shows that the value of the total net stock of durables at the end of 1976 is reduced by £4·9 billion, from £42·6 billion to £37·7 billion, at current prices and by £1·4 billion, from £19·9 billion to £18·5 billion, at constant (1970) prices on the assumption of reducing balance depreciation with medium life-lengths (the assumption used in the submission by the CSO to the Royal Commission).

In any year at a given set of prices, there are wide differences between the results of the six variants, although the relationship between the variants seems to remain stable from year to year. The largest stock estimate (long lives, straight line depreciation) is between $3\frac{1}{2}$ and $3\frac{3}{4}$ times the smallest (short lives, reducing balance). For a given method of calculating depreciation, the short life and long life assumptions give answers about 40 per cent lower and 40 per cent higher respectively than the medium life assumptions. On the other hand, the results for straight-line depreciation with short, medium and long life assumptions are respectively 75, 65 and 60 per cent higher than the corresponding reducing balance estimates. Thus, in terms of the assumptions made here, the results are between one and a half times and twice as sensitive to the choice of the method of calculating depreciation as they are to the choice of life-lengths. To summarise the relationships between the variants, the table below shows the results for the end of 1976 at current (end year) prices including central heating and structural alterations, expressed as percentages of the reducing balance medium life-length variant (£42·6 billion).

Method of calculating depreciation	Life-length assumptions		
	short	*medium*	*long*
Straight line	109	165	227
Reducing balance	63	100	143

The relationship between the net stock of consumer durables and other categories of personal sector net wealth thus depends to a considerable extent on the choice of the method of calculating depreciation and on the assumptions made about life-lengths. With medium life-lengths and using the reducing balance method (the assumptions used in the CSO's submission to the Royal Commission) the value at the end of 1976 of the net stock of durables including central heating and structural alterations £42·6 billion, at current end-year prices) was roughly equal to the market value of assets held in life assurance and superannuation funds (£37·1 billion) and was a quarter of the estimated market value of personal sector holdings of land and buildings, (£166 billion). If the durable stock were valued using straight-line depreciation, on the same life-length assumptions, the net stock (£70·1 billion) would be almost twice the value of the assets of life assurance and superannuation funds and about 40 per cent of personal sector land and buildings. Since the distribution of holdings of these types of asset across the personal sector is likely to be very different (durables being more evenly distributed than the other two types), choice of the method of depreciation and (to a lesser extent) measurement of life-lengths has a significant bearing on the question of how personal wealth is distributed. The following table shows the percentage of total personal sector net wealth held at the end of 1976 in the form of durables on the various assumptions.

Method of calculating depreciation	Life-length assumption		
	short	*medium*	*long*
Straight line	14 (12)	19 (17)	25 (23)
Reducing balance	8 (7)	13 (11)	17 (16)

The figures in brackets in the table are the corresponding percentages if the estimates for central heating and structural alterations are excluded from the total for consumer durables. The balance sheet estimates for the end of 1976 on which the percentages depend are provisional and liable to revision.

It is interesting to express the total net stock of durables as an average per household. The next table shows the results given by the six variants for the end of 1976 at current prices including the central heating and structural alterations component, averaged over the estimated 20 million households and shown to the nearest £10.

CHART 3

Growth in components of net stocks at constant (1970) prices

End 1966 = 100

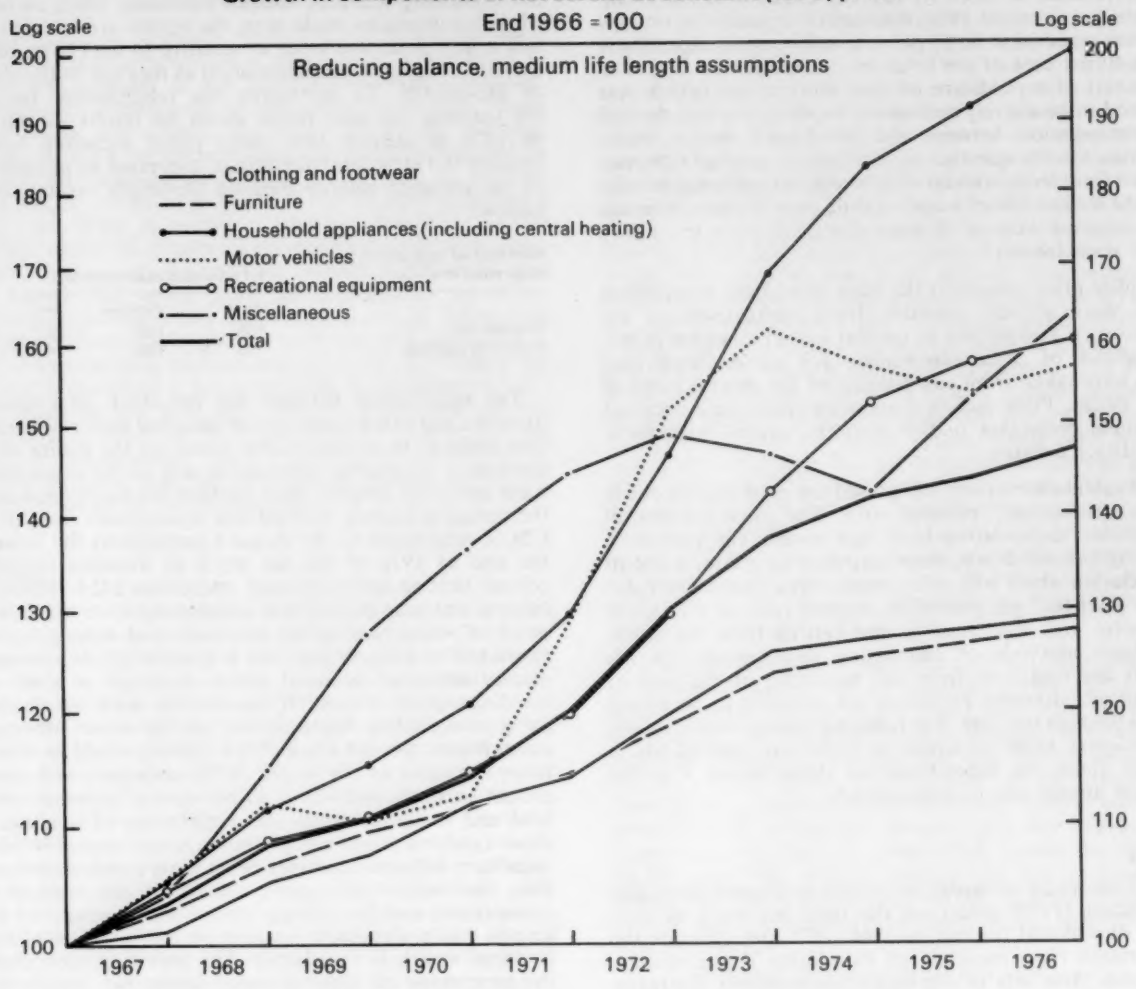
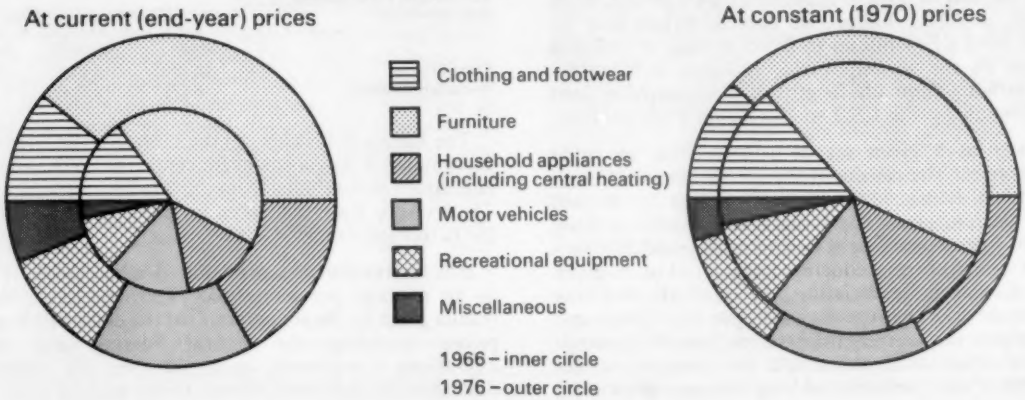


CHART 4

Percentage shares of total net stock in 1966 and 1976

Reducing balance, medium life length assumptions



Method of calculating depreciation	Life-length assumption		
	short	*medium*	*long*
Straight line	£2,330	£3,510	£4,820
Reducing balance	£1,330	£2,130	£3,050

Although there are wide differences in the estimates of the absolute level of net stock, all six variants give a remarkably similar picture of the growth in stocks of durables between the end of 1966 and the end of 1976. Tables 2 and 3 show the total net stocks of durables at current (end-year) prices and at constant (1970) prices, expressed as index numbers. At current prices, by the end of 1976 the net stock had increased to about 3¾ times its value at the end of 1966 (about 3½ times if central heating and structural alterations are excluded). At constant (1970) prices, the increase over the same period was slightly less than one-half of the level at the end of 1966 – an average rate of increase of about 4 per cent per year. Since, over the same period, the number of households increased by about 8 per cent (about ¾ per cent per year), the average annual rate of increase in net stock per household was about 3¼ per cent at constant prices. Chart 2 shows the year-to-year percentage change in total net stock and in average net stock per household at 1970 prices for the reducing balance medium life-length variant. For both series, there was an increase in the rate of growth from 1966 to 1968 and a dip in 1969 and 1970, followed by three years of strong growth and three years of low growth.

Tables 4 and 5 show in index number form how the components of the net stock of durables grew between the end of 1966 and the end of 1976 for the reducing balance medium life-length variant at current (end-year) and at constant (1970) prices. Chart 3 shows the constant price data in graphical form. The greatest growth was in household appliances, net stocks of which at constant prices doubled between 1966 and 1976. This was largely the result of a strong surge between the ends of 1971 and 1974, reflecting a major investment in colour television sets and freezers. In contrast, the value of net stocks of clothing and footwear and of furniture increased, at constant prices, by less than one-third over the decade. Stocks of both these items grew at a similar steady rate. Net stocks of motor vehicles grew strongly between the ends of 1970 and 1973, only to fall by about 2½ per cent in each of the following two years, offset by an increase of about the same size in 1976. The miscellaneous group, largely structural alterations to dwellings, grew strongly up to 1971: growth then ceased until 1974, when it resumed.

As a result of these different rates of growth, the various components' contributions to the total net stock of durables has changed a little over the decade. Chart 4 shows the shares at the ends of 1966 and 1976 at current prices and at the relative prices of 1970 for the medium life-length, reducing balance variant. At 1970 prices, the combined share of clothing, footwear and furniture, which at the end of 1966 constituted about 57 per cent of the total, had fallen by the end of 1976 to 50 per cent; the share taken by household appliances, including the central heating component, rose from 14 to 18 per cent, and the remaining categories' shares were steady. A similar set of movements took place at current prices, except that the share of the miscellaneous category doubled from 3 to 6 per cent because of the large rise in the relative price of structural alterations. If straight-line rather than reducing balance depreciation is used, the component shares and the changes over the decade are similar. Table 6 shows the value of the net stock per household for each of the components at the ends of 1966 and 1976 at current prices.

Comparisons with other published estimates

Two other estimates of the stock of consumer durables covering parts of the period 1966–1976 have been published[2,3]. The estimate by Roe[2] used reducing balance depreciation and covered:

> Furniture, floor coverings, all major domestic appliances, motor cars, motorcycles, pedal cycles, radio and television sets, tape recorders, radiograms and musical instruments.

His estimate for the end of 1966 (the only year of overlap) was £5·8 billion at current prices. With similar coverage, the present reducing balance estimates would be £6·8 billion with medium life-lengths and £4·5 billion with short life-lengths.

The Royal Commission's estimates[3] cover 1971 to 1973. Table 7 shows the Royal Commission's estimates for the end of 1971 for the various categories, against the most closely comparable of the present estimates. The definitions of life-length differ. The Royal Commission defines the useful life of an asset to be the time taken for it to fall at constant prices to 10 per cent of its original value, and starts the measurement from the middle of the year of acquisition. The definition used in this article is the time taken to fall to 5 per cent of the original value measured from the beginning of the year of acquisition. Table 7 shows equivalent life-lengths on both definitions, and the value of the net stock in the present set of estimates, using the nearest life-length for which estimates were calculated. Two categories of durable considered by the Royal Commission, recreational goods and miscellaneous goods, are excluded from Table 7 since the coverage differs between the two sets of estimates. For the categories shown in the table, the agreement between the two sets of estimates is reasonably close, as should be expected, since they were compiled from the same sources using similar methods apart from the different definitions of useful life noted above. The present estimate for motor vehicles is lower than the Royal Commission's because the latter was based on the whole of the series for consumers' expenditure on motor vehicles, whereas a small proportion of this is made up of dealers' margins on transfers of cars within the personal sector, for which the present estimate made a rough allowance.

Comparisons with other methods

It was pointed out in the introduction that an alternative method of estimating the net stock of consumer durables would be to conduct a household survey of assets and to estimate the value of the inventory directly from knowledge of its age, condition and any other relevant information. However, this approach does not appear to be practicable except in the case of motor vehicles where the annual vehicle census, conducted by means of the licence records, provides the kind of data required.

Table 8 shows, for the end of 1976, an estimate of the numbers of currently licensed private cars, vans and motorcycles analysed by year of first registration. For years of first registration 1976 and 1975, the numbers are of new registrations. For earlier years, the numbers of currently licensed vehicles are taken directly from the annual vehicle census, even though this relates to September 1976. Thus in applying these data to obtain a value of net stock for the end of 1976, scrapping of vehicles up to two years old is ignored entirely and so is any scrapping of older vehicles that occurred between September and December 1976. Table 8 also shows written-down values (in terms of 1970 prices) by age for the two types of vehicle, assuming a 10 year life (the medium assumption). The values per unit (£937 for cars and £220 for motorcycles) at 1970 prices were obtained by dividing estimated retail sales of each type of vehicle by numbers of new registrations in 1970. From the estimate of the value of the total net stock calculated from Table 8, an estimate of the value of business acquisitions in 1975 and 1976 has to be subtracted for comparison with the perpetual inventory estimate for the personal sector. The result is as follows:

Estimated value at 1970 prices of the net stock of motor vehicles owned by the personal sector at the end of 1976 based on the Annual Vehicle Census

	£ billion
Cars and vans (private taxation class)	3·6
Motorcycles	0·1
	3·7
less: business acquisitions of cars 1975, 1976 (52 per cent of total)	−0·9
Total personal sector stock	2·8

Thus the perpetual inventory estimate (£3·1 billion on the medium life-length assumption) is some 10 per cent higher than that based on registrations. The comparison might be extended by improving the estimates of car prices by, for example, using the information on engine size from the annual vehicle census as a possible proxy for price, or collating the large amount of information available on second hand car prices by make, model, age and condition.

Another comparison of interest is between the estimates calculated here of the net stock of household goods and the total amount for which individuals insure their household contents, derived from an estimate of the total premiums paid for this kind of insurance. The Family Expenditure Survey provides an estimate of premiums paid, and these after grossing-up are shown in Table 9 together with an estimate of the corresponding sum assured obtained from the total premiums by assuming a typical, but not universal, rate of premium of 25p for every £100 sum assured. The estimate relates on average to the stock in mid-year. End-year estimates have been obtained by interpolation. It can be seen that the estimated sum assured lies between the reducing balance estimates with medium and with long life-lengths after motor vehicles and the miscellaneous category have been removed from the total net stock. Over the decade, the insurance-based estimate has gradually moved away from the medium life estimate and closer to the long life estimate. This may perhaps be accounted for by the gradual introduction of the type of insurance policy which, in return for a higher premium, allows for replacement of damaged goods with new rather than with depreciated goods; sums assured estimated from premiums paid under this type of policy will reflect a (higher) valuation of goods in new rather than in depreciated condition. There has also been an increasing tendency among insurance companies over this period to charge a higher rate of premium in some areas of the country than the 25p per £100 sum assured used here, and this again will tend to bias upwards the estimate of total sums assured. Two further points to be borne in mind are that, on the one hand, the insurance premiums will also provide cover (at a higher rate per £100 sum assured) for items such as works of art, jewellery and antiques which have been excluded from the present estimates and that, on the other, the assets of households that do not insure are excluded from the estimate based on premiums. The Family Expenditure Survey indicates that 73 per cent of sampled households paid household contents insurance in 1976. It is not known whether uninsured households differ from insured households in terms of their holdings of durables. It is also widely believed that many households are under-insured. In view of these considerations, it is not possible to draw any hard and fast conclusions from the comparison, although it does appear to lend some support to the medium life-length, reducing balance variant.

Summary

The estimates presented here of the value of the net stock of consumer durables calculated by the perpetual inventory method from data on consumers' expenditure show considerable variation in level according to the method of depreciation adopted and the life-length assumptions made. Within the variants calculated, the choice between straight-line and reducing balance depreciation is rather more significant than the life-length assumptions. On the lowest estimate consumer durables accounted for less than one-twelfth and on the highest estimate for about a quarter of personal sector net wealth at the end of 1976. Despite these differences in absolute level, the estimates of changes in the value of the net stock of durables from year to year are not significantly affected by choice of method of calculating depreciation or of life-lengths. Between the end of 1966 and the end of 1976, the value of the net stock of durables at current prices increased almost four times. In volume terms, the increase was about 50 per cent. Over the same period, the volume of stocks of household appliances doubled, while stocks of clothing and of furniture increased by less than one third. The limited comparisons possible with estimates based on motor vehicle registration data and on insurance premiums for household contents show reasonable agreement with the medium life-length, reducing balance estimate.

References

1 'Personal sector balance sheets: Evidence submitted to the Royal Commission on the Distribution of Income and Wealth by the Central Statistical Office'. *Economic Trends*, No. 291, January 1978 (HMSO).
2 A. R. Roe: *A programme for growth, 11: The Financial Independence of the Economy 1957-1966* (Chapman and Hall, November 1971).
3 Royal Commission on Distribution of Income and Wealth: *Report No. 1 – Initial Report on the Standing Reference* Cmnd. 6171 (HMSO 1975).
4 *Report of the Inflation Accounting Committee* Cmnd. 6225 (HMSO 1975).
5 T. J. Griffin: 'Revised estimates of the consumption and stock of fixed capital.' *Economic Trends*, No. 264, October 1975 (HMSO).
6 T. J. Griffin: 'The stock of fixed assets in the United Kingdom: how to make best use of the statistics:' *Economic Trends*, No. 276, October 1976 (HMSO).

APPENDIX 1

Total net stock of consumer durables

TABLE 1

		£ billion					
		At current prices			At constant (1970) prices		
	Method of depreciation	Life-length assumptions Short	Medium	Long	Short	Medium	Long
		Including central heating and structural alterations[1]					
End-1966	Straight line	12·4	18·6	25·8	14·7	22·0	30·7
	Reducing balance	7·1	11·4	16·5	8·5	13·5	19·5
End-1971	Straight line	19·4	29·3	40·7	17·6	26·5	36·9
	Reducing balance	11·3	18·0	25·9	10·2	16·3	23·4
End-1976	Straight line	46·6	70·1	96·5	21·7	32·9	45·5
	Reducing balance	26·7	42·6	61·0	12·3	19·9	28·7
		Excluding central heating and structural alterations[1]					
End-1966	Straight line	11·7	17·8	24·8	13·9	20·9	29·4
	Reducing balance	6·7	10·8	15·8	7·9	12·7	18·6
End-1971	Straight line	17·8	27·3	38·2	16·3	24·8	34·9
	Reducing balance	10·3	16·7	24·3	9·3	15·2	22·0
End-1976	Straight line	40·8	62·6	87·6	20·0	30·7	42·9
	Reducing balance	23·1	37·7	55·0	11·3	18·5	27·0

[1] For definitions of expenditure covered by these items, see text.

Index numbers of the total net stock of consumer durables at current prices

TABLE 2

Life-length assumption	Method of calculating depreciation	End-1966 =100										
		End-1966	End-1967	End-1968	End-1969	End-1970	End-1971	End-1972	End-1973	End-1974	End-1975	End-1976
		Including central heating and structural alterations[1]										
Long	Straight line	100	107	117	128	142	158	179	213	264	318	374
	Reducing balance	100	107	117	127	141	157	179	215	264	316	370
Medium	Straight line	100	107	117	128	142	158	180	216	268	322	377
	Reducing balance	100	107	118	127	141	158	182	219	268	320	374
Short	Straight line	100	107	117	127	141	157	182	220	271	323	379
	Reducing balance	100	108	118	127	140	159	186	225	272	319	375
		Excluding central heating and structural alterations[1]										
Long	Straight line	100	107	117	127	140	155	174	206	254	302	353
	Reducing balance	100	107	116	126	139	154	175	208	254	300	349
Medium	Straight line	100	107	117	126	139	154	174	208	255	307	353
	Reducing balance	100	107	117	125	138	154	177	211	256	301	349
Short	Straight line	100	106	116	125	137	152	175	210	257	302	348
	Reducing balance	100	107	117	124	137	154	180	215	258	297	346

[1] For definitions of expenditure covered by these items, see text.

Index numbers of the total net stock of consumer durables at constant (1970) prices

TABLE 3

Life-length assumptions	Method of calculating depreciation	End-1966 =100										
		End-1966	End-1967	End-1968	End-1969	End-1970	End-1971	End-1972	End-1973	End-1974	End-1975	End-1976
		Including central heating and structural alterations[1]										
Long	Straight line	100	104	108	112	115	120	127	135	140	144	148
	Reducing balance	100	104	109	112	115	120	129	137	141	144	147
Medium	Straight line	100	104	108	112	115	120	128	137	142	145	149
	Reducing balance	100	104	109	111	114	120	130	137	142	144	147
Short	Straight line	100	104	109	111	114	120	130	139	143	146	148
	Reducing balance	100	103	108	110	113	120	132	142	143	143	146
		Excluding central heating and structural alterations[1]										
Long	Straight line	100	104	108	111	114	119	126	133	138	142	146
	Reducing balance	100	104	108	111	114	119	127	135	139	142	145
Medium	Straight line	100	104	108	110	114	118	126	135	140	143	146
	Reducing balance	100	103	108	110	112	118	128	137	140	142	144
Short	Straight line	100	103	108	109	112	118	127	137	141	143	145
	Reducing balance	100	103	107	108	111	118	130	140	142	141	143

[1] For definitions of expenditure covered by these items, see text.

Index numbers of the components of the net stock of consumer durables at current prices

Reducing balance depreciation, medium life-length assumption

TABLE 4

Asset type	End-1966 = 100										
	End-1966	End-1967	End-1968	End-1969	End-1970	End-1971	End-1972	End-1973	End-1974	End-1975	End-1976
Clothing and footwear	100	102	110	117	129	141	160	191	223	254	284
Furniture	100	107	116	126	140	153	173	207	251	294	341
Household appliances:											
including central heating[1]	100	109	121	131	146	164	191	237	311	384	455
excluding central heating[1]	*100*	*107*	*117*	*123*	*136*	*151*	*171*	*205*	*261*	*312*	*360*
Motor vehicles	100	110	123	128	139	167	206	242	285	341	404
Recreational equipment	100	111	124	134	148	164	182	219	276	329	382
Miscellaneous[2]	100	110	123	146	177	208	251	310	400	541	580
Total *including* central heating and structural alterations[1]	100	107	118	127	141	158	182	219	268	320	374
Total *excluding* central heating and structural alterations[1]	*100*	*107*	*117*	*125*	*138*	*154*	*177*	*211*	*256*	*301*	*349*

[1] For definitions of expenditure covered by these items, see text.
[2] No series is shown for Miscellaneous excluding structural alterations, since the residual amount is negligible.

Index numbers of components of the net stock of consumer durables at constant (1970) prices

Reducing balance depreciation, medium life-length assumption

TABLE 5

Asset type	End-1966 = 100										
	End-1966	End-1967	End-1968	End-1969	End-1970	End-1971	End-1972	End-1973	End-1974	End-1975	End-1976
Clothing and footwear	100	101	105	108	112	114	120	126	127	128	129
Furniture	100	103	107	110	111	114	119	123	125	127	128
Household appliances:											
including central heating[1]	100	105	111	115	121	129	146	169	184	192	201
excluding central heating[1]	*100*	*103*	*107*	*110*	*115*	*123*	*141*	*164*	*180*	*188*	*195*
Motor vehicles	100	106	112	110	112	129	152	162	157	154	157
Recreational equipment	100	105	109	111	115	120	130	143	153	157	160
Miscellaneous[2]	100	104	115	128	136	145	149	147	143	153	164
Total *including* central heating and structural alterations[1]	100	104	109	111	114	120	130	137	142	144	147
Total *excluding* central heating and structural alterations[1]	*100*	*103*	*108*	*110*	*112*	*118*	*128*	*137*	*140*	*142*	*144*

[1] For definitions of expenditure covered by these items, see text.
[2] No series is shown for Miscellaneous excluding structural alterations since the residual amount is negligible.

Value of the net stock of consumer durables per household

Reducing balance depreciation, medium life-length assumption

TABLE 6

Asset type	£ per household					
	At current prices			At constant (1970) prices		
	End-1966	End-1971	End-1976	End-1966	End-1971	End-1976
Clothing and footwear	91	122	236	100	110	121
Furniture	265	391	835	317	352	377
Household appliances:						
including central heating	85	133	355	99	125	185
excluding central heating	*71*	*105*	*247*	*84*	*100*	*149*
Motor vehicles	93	150	345	109	136	159
Recreational equipment	65	102	227	80	92	119
Miscellaneous	21	42	132	25	35	39
Total *including* central heating and miscellaneous	620	940	2,130	730	850	1,000
Total *excluding* central heating and miscellaneous	*585*	*870*	*1,890*	*690*	*790*	*925*

Comparison between the Royal Commission's estimates and the present estimates for end-1971

TABLE 7

Category of asset[3]	Royal Commission estimate[1]		Present estimates[2]		
	Average life	End-1971 stock (£bn)	Corresponding life-length	Nearest life-length	End-1971 stock (£bn)
	Years	£ Billion	Years	Years	£ Billion
Clothing	1·4	1·3	2·3	2	1·3
				3	2·4
Motor vehicles	8·0	3·5	10·9	10	2·9
				12	3·4
Household durables	8·0	7·0	10·9	10·7[4]	7·6
Other household goods					
Books	8·0	0·36	10·9	10	0·35

[1] See table on page 220 of Royal Commission on Distribution of Income and Wealth: *Report No 1 – Initial Report on the Standing Reference* Cmnd 6171 (HMSO 1975).

[2] Based on the nearest life-lengths, corresponding to those used by the Royal Commission, for which calculations have been made. These life-lengths are not necessarily the same as those used in the CSO's submission to the Royal Commission. The latter are shown in Appendix ix 2.

[3] Categories defined as in Royal Commission's table.

[4] Life lengths of components weighted by purchases.

Stock of motor vehicles at end-1976

TABLE 8

Year of first registration	Average age to end-1976 (1)	Number (millions)		Proportion of original value remaining (4)	Estimated value at 1970 prices, £		Total value at 1970 prices (£ billion)	
		Private cars and vans (2)	Motor-cycles, etc. (3)		Cars, etc. (4) x 937 (5)	Motor-cycles (4) x 220 (6)	Cars and vans (2) x (5)	Motor-cycles (3) x (6)
1976	½	1·26	0·28	0·85	796	187	1·00	0·05
1975	1½	1·17	0·28	0·62	581	136	0·68	0·04
1973–74	3	2·76	0·29	0·39	365	86	1·01	—
1971–72	5	2·88	0·18	0·21	197	46	0·57	—
1969–70	7	2·01	0·09	0·11	103	24	0·21	—
1967–68	9	1·84	0·08	0·06	56	13	0·10	—
1966 and before	—	2·43	0·13	—	—	—	—	—
Total		14·35	1·33				3·57	0·09

[1] The numbers first registered in 1975 and 1976 are the numbers of new registrations during those years; for other years, numbers are taken from the Annual Vehicle Census, 1976.

Estimated sums assured: contents of dwellings

TABLE 9

	£ million Estimated premiums for insurance of contents of dwellings (1)	£ billion Estimated sums assured (1)/2·5 (2)	£ billion End-year average sums assured (3)	Reducing balance estimate Total *less* motor vehicles and miscellaneous	
				Medium lives (4)	Long lives (5)
1966	25·3	10·1	10·5	9·3	14·0
1967	27·5	11·0	12·1	9·9	14·9
1968	33·0	13·2	14·1	10·8	16·2
1969	37·2	14·9	15·7	11·8	17·7
1970	41·1	16·4	17·3	13·0	19·5
1971	45·6	18·2	19·7	14·3	21·5
1972	53·1	21·2	23·3	16·3	24·2
1973	63·4	25·4	28·2	19·6	20·9
1974	77·3	30·9	34·1	24·2	35·7
1975	93·3	37·3	42·3	28·5	42·4
1976	118·3	47·3	..	..	..

Col (1) derived from the Family Expenditure Survey.

APPENDIX 2

Assumed life lengths

Durable grouping and consumers' expenditure series	Items covered	Weights	Life-lengths		
			Long	Medium	Short
Furniture, etc.					
Furniture and floor coverings:	furniture	0·6	40	25	15
	floor coverings	0·4	30	20	10
	mattresses				
Household textiles	blankets, sheets, pillows, cushions		15	8	5
	curtains and furnishing fabrics				
Hardware	pottery, glassware, hardware	0·95	15	10	5
	minor radio and electrical goods				
	cutlery	0·05	40	25	15
Household appliances					
Housing maintenance (part)	central heating installation by occupiers in existing dwellings		25	20	15
Radio, electrical and other durable goods (part)	electric and gas fires, paraffin heaters, washing machines, vacuum cleaners, lawn mowers, etc.	0·8	15	10	5
	electric storage heaters, sewing machines	0·2	20	15	10
	TV, radio, gramophones, etc.		10	8	5
Motor vehicles					
Motor vehicles	new cars and motorcycles		12	10	8
	second hand cars acquired from businesses		10	8	6
Recreational equipment					
Radio, electrical and other durable goods (part)	bicycles	0·8	15	10	5
	prams	0·2	8	5	3
Miscellaneous recreational goods (part)	caravans		20	15	10
	yachts, boats, optical goods	0·25	25	20	15
	gramophone records, toys, sports goods, miscellaneous goods connected with arts, crafts, hobbies	0·75	8	5	3
Radio, electrical and other durable goods	musical instruments		25	20	15
Books			15	10	5
other misc. goods (*half*)	travel, leather, other miscellaneous goods		8	5	3
Clothing and footwear					
Men's wear			5	3	2
Womens' wear			5	3	2
Footwear			5	3	2
Miscellaneous					
Housing maintenance	structural alterations		20	15	10
NHS spectacles			5	3	2
Private spectacles			5	3	2

Round-up: what's new in economic statistics

Regional Accounts

A new CSO publication *Regional Accounts* (Studies in Official Statistics No. 31, HMSO March 1978, £1·75) provides a detailed description of the current state of the regional accounts with data for a run of years up to 1975. It discusses the data sources available and their use in the compilation of the estimates; looks at the inevitable shortcomings in some of the estimates and considers possibilities for future improvement.

Bank of England Quarterly Bulletin

The March issue of the Bulletin presents a research article, 'A transactions demand for money', on the subject of the relationships affecting the narrow definition of the money stock (M1). The research suggests that a subtle demand relationship for M1 can be identified, although the pattern of time lags between changes in economic variables and the reaction of the money stock to them is more complex than has generally been considered in the past.

The statistical annex of the same issue of the Bulletin contains a new table – Maturity analysis of U.S. dollar certificates of deposit issued and held by reporting institutions.

Macroeconomic models

'Properties of macroeconomic models of the UK economy: a comparative study' is presented in the February issue of the *National Institute Economic Review*. It describes a variety of simulations carried out with the three major macroeconomic quarterly forecasting models of the United Kingdom currently in operation – those of the Treasury, the London Business School and the National Institute of Economic and Social Research. The simulations cover both fixed and floating exchange rate regimes.

The same issue of the Review contains an article which surveys the evidence of how monetary policies influence real economic activity in this country.

New price indices

Improved price indices on the volume of investment in the manufacturing, distributive and service industries appear in *Trade and Industry* for 10 March. They replace the single cost of new construction index which is based on current costs of material and labour but was being used as a proxy for prices for all types of new building work. The increase in information available about tender prices has made it possible to produce new and more appropriate deflators described as 'outturn tender price indices'. Separate deflators are now caclulated for five different types of work. Further information on the new price indices will be provided on application to the Statistics Construction Division of the Department of the Environment.

Employment Gazette

The March issue of *Employment Gazette* contains three articles of statistical interest. 'General index of retail prices: annual revision of weights' analyses the spending patterns of a range of groups – including pensioner and high income households – up to the year ending June 1977. The Gazette also includes a detailed study of the retail prices index and material and labour costs from the first quarter of 1974 up to January 1978. The third article lists unemployed minority groups by group and region.

Index of sources

Data given on page 5 may be more recent than that shown elsewhere in the publication.

United Kingdom balance of payments; National income and expenditure. In addition to the series indexed below, further detailed statistics are included in the regular quarterly articles (see inside back cover).

	Page	*Source*	*Further statistics*
Average earnings (see Earnings)			
Balance of payments		Central Statistical Office	Financial Statistics; Quarterly articles in Economic Trends
Current balance	5,46,48		
Invisibles	46		
Official reserves	48		
Balance for official financing	48		
Bank advances (see Banking)			
Banking		Bank of England	Financial Statistics
Bank advances	60,62		
Deposits with the banking sector	60		
Eligible liabilities, reserve ratio, special deposits and supplementary deposits	62		
Bank of England's minimum lending rate (see Interest rates)			
Building societies		Central Statistical Office; Building Societies Association	Financial Statistics
Average prices of new dwellings on mortgage (see Housing)			
Net increase in shares and deposits	20		
New commitments for mortgages	20		
Recommended share rate (see Interest rates)			
Car registrations and production (see Motor vehicles)			
CBI Intentions Inquiry (see Fixed investment)			
Coal (see Fuel and power)			
Commercial vehicles, production (see Motor vehicles)			
Companies		Central Statistical Office	Financial Statistics
Appropriation account	58		
Financial companies			
Financial account, net acquisition of financial assets	56		
Saving	56,58		
Gross trading profits	58		
In relation to total domestic income	14		Monthly Digest of Statistics
Income	58		Financial Statistics
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